# FINANCIAL TIMES

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NEWS SUMMARY

**GENERAL**

## ...l to ...0% ...more ...police ...ay rise ...rged

...emen should get a pay rise ...aging more than 40 per cent, ... the Lord Edmund-Davies ...rt now being studied by the ...net.

...e Government had hoped to ... an initial 10 per cent with ...e money phased over two or ...e years, but it is likely that ...ore generous formula will ...to be found to satisfy the ...e Federation.

...isters are expected to ...s, when the Government ...sion is announced later this ...th, that the police are a ...ial case and that their pay ...rd should not be taken as a ...eline for other public service ...claims. Back Page

### ...hana changes

...na's head of state, Ignatius ...eampong, has resigned and ... succeeded by Lieutenant-...eral Fred Akuffo, chief of ...ence staff. General Acheam-...g had survived several ...mpts to unseat him since he ...e to power six years ago in ...loodless coup.

### ...RAF base

... RAF airfield at Fairford, ...ucestershire, is to be made ...ilable to the U.S. Air Force ...use by a KC-135 aerial tanker ...raft squadron. Mr. Fred ...ley, Defence Secretary, said ... the decision would cause ... noise and pollution to the .... Back and Page 8

### ...LC report

... Greater London Council ...uld broaden its role as a ...tegic authority, says a report ... Sir Frank Marshall former ...ler of Leeds City Council. It ...ommends that the GLC should ... over some Whitehall func-...s and hand over some day-to-... tasks to town halls. Page 6, ...torial Comment Page 18

### ...ade defeated

...ginia Wade was defeated ...6, 6—2 by Chris Evert in the ...mbledon semi-finals. Evert ...l play in the finals tomorrow ...inst Martina Navratilova, who ...t Evonne Cawley 2—6, 6—4, ...4. Ilie Nastase has decided ...t to appeal against his three-...nth ban. He will also pay the ...700 fine for persistent mis-...haviour. Page 7

### ...anker protection

...ance has quadrupled the mini-...m offshore distance for oil ...nkers passing its Atlantic ...ast. It will also have one of ...e world's most powerful tugs ... standby off the Brittany coast ...r future oil tanker emer-...ncies. Page 2

### ...ront defections

...he Rhodesian Government said ...at the reported defection of 15 ...nior Patriotic Front officials ...as a political triumph for the ...alition in its fight for inter-...ational recognition. Page 4; ...len and Matters Page 18

### ...inzburg trial

...ussian dissident Alexander ...inzburg is to go on trial on ...onday on charges of anti-Soviet ...ctivity. In Paris, 50 French ...uclear physicists said they had ...sked French authorities to find ... post for imprisoned Soviet ...hysicist Yuri Orlov. Page 2

### ...Briefly...

...100,000 premium bond prize ...oes to Leicestershire holder of ...ond 7KT 688985.

...t least 340 Australians are ...uffering from food poisoning ...fter eating Sydney rock ...ysters.

The two-man crew died when a Royal Aircraft Establishment Buccaneer jet crashed near West Freuth, Wigtownshire.

Northampton North Labour Party is to table a motion that Mrs. Maureen Colquhoun should not represent it at the next election.

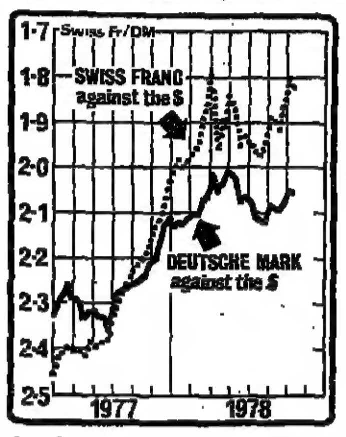
A chaplain to the Queen has been charged with using insulting behaviour at Wimbledon.

Israel has set up the Middle East's first camel clinic. It will provide x-rays, blood and urine tests for Bedouin tribesmen's camels.

**BUSINESS**

## Dollar steadier against D-Mark

● THE DOLLAR remained nervous on the outcome of the EEC summit at Bremen. But pressure eased, and it improved against the Deutsche Mark and




the Swiss franc. Its weighted average depreciation widened to 7.8 per cent against 7.5 on Monday. Sterling lost 45 points to $1.8700. Its trade-weighted index was unchanged at 61.4.

● GOLD fell $½ to $184¾.

● GILTS were easier at the long end, with falls extending to ⅜. Government Securities Index fell 0.28 to 69.02.

● EQUITIES were quiet, with investors worried about pay confrontation and the economy. FT 30-Share Index finished 1.1 down at 452.0.

● WALL STREET closed 7.10 lower at 805.79.

### Chrysler strike goes on

● CHRYSLER toolmakers' leaders rejected management and union appeals for a return to work in a pay dispute which has stopped Midlands production. The Government will be asked if the claim can be brought within the 10 per cent guidelines. Back Page

● EUROPEAN PARLIAMENT urged the EEC Commission to consider radical measures to alleviate the Community's shipbuilding crisis. The Community should be able to produce two-thirds of its enriched uranium requirements by 1980, Herr Guido Brunner, Energy Commissioner, said. Page 2

● FRENCH TEXTILE magnate M. Marcel Boussac reached agreement on the sale of his newspaper interests in his fight against bankruptcy. Page 35

● U.S. RELUCTANCE was blamed by Mr. Alexei Kosygin, Soviet Prime Minister, for holding back trade between the two countries. Soviet-German trade revives. Page 4

● NATIONAL COAL Board and National Union of Mineworkers signed the first planning agreement with the Government in a nationalised industry. Back and Page 8

● NATIONAL ENTERPRISE Board plans to take a 20-30 per cent stake in Logica, the computer software company. Page 7

● FORD car dealers sold more vehicles at each outlet last year than any other network, a survey said. Page 6

● SIX HUNDRED Plessey Telecommunications workers at Edge Lane, Liverpool, are to be made redundant because of fall in demand for phone equipment. Page 8

● COOPERATIVE WHOLESALE Society is to invest £11m over three years to build up its manufacturing base in Scotland. Page 6

**COMPANIES**

● J. SAINSBURY reports sales ahead of budget and an improved market share of 8.5 per cent. Page 28

● JOHN WADDINGTON second-half taxable earnings fell to £409,000 from £1.25m. Page 28

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| | | |
|---|---|---|
| **RISES** | | |
| Brickhouse Dudley | 46 | + 4 |
| Carpets Intnl. | 56 | + 5 |
| Howard & Wyndham | 30½ | + 3 |
| Ricardo | 178 | + 5 |
| Swire Pacific | 161 | + 8 |
| Thomson Org. | 278 | + 18 |
| **FALLS** | | |
| Excheq. 10pc 1983 | £13 | − 1 |
| Excheq. 12pc '13-17 (£45 pd.) | £43¾ | − 1 |
| Bulmer (H. P.) | 114½ | − 7½ |
| Courts Furnishers | 107 | − 4 |
| Eucalyptus Pulp | 55 | − 15 |
| GEC | 258 | − 6 |
| Home Charm | 164 | − 4 |
| New Throgmtn. Cap. | 104 | − 10 |
| Norton and Wright | 175 | − 5 |
| Rowntree Mackintosh | 391 | − 9 |
| Thorn Elect. | 308 | − 6 |
| Vinton Group | 117 | − 4 |
| Yule Catto | 78 | − 5 |
| Highlands | 127 | − 8 |
| "Amcoal" | 575 | − 15 |
| Gold Mines Kalgoorlie | 45 | − 7 |
| Oakbridge | 160 | − 6 |
| Tara Exploration | 875 | − 75 |
| Western Mining | 146 | − 4 |

# Heath pledges aid for Mrs. Thatcher in election battle

BY RUPERT CORNWELL, LOBBY STAFF

**Mr. Edward Heath pledged last night to do his utmost in the forthcoming election campaign to send Mrs. Margaret Thatcher to Westminster as Prime Minister.**

In doing so he ended more than three years of bitter and self-imposed exile since Mrs. Thatcher replaced him as Tory leader and took a big step towards ending the internal divisions which since have plagued the party.

As part of the Penistone by-election campaign, the former Prime Minister promised at Stocksbridge, South Yorkshire, in a speech which will delight Conservatives of every hue, that he would fight as hard as he had ever done for the return of a Tory government.

"Conservative voters can be assured," he declared in a key passage "that I shall continue to play my part and that the change of leadership makes no difference to my determination. I wish Mrs. Thatcher every success. Together we must fight hard to gain the victory we all want."

What is also significant is that for almost the first time since he was ousted in February 1975, Mr. Heath referred twice to his victorious rival by name, as he delivered a stinging attack on Labour and its record.

But, his return to the fold is not without conditions. He gave a pointed warning that, in contrast with the partisan Right-wing approach of which Mrs. Thatcher is frequently accused, the party should be middle-of-the-road and broad-based.

Stressing the "moderate and fairminded" administrations of Churchill, Eden, Macmillan and Home, in which he had served, Mr. Heath continued: "That was also the purpose of my government in which Mrs. Thatcher, and many of those on the Opposition front bench, were Ministers. I want to see the British people again represented in this way."

### Struggle

His wish to stay in domestic politics—and perhaps hold high office in a Tory government—was underlined yesterday as it emerged he had refused an offer from the Opposition leader to lead the first directly elected Conservative delegation to the European Parliament.

But, what will mean most to the party is the enormous boost to morale. Labour, meanwhile, will lose one of its most telling arguments, that the Conservatives, under extremist leadership, are split hopelessly between Left and Right wings.

Mr. Heath's gesture will increase speculation that Mrs. Thatcher may recall Mr. Peter Walker, his erstwhile lieutenant and former Cabinet Minister, who has emerged as one of the most effective Tory critics of the Government.

The former Prime Minister gave a warning that the Tories faced a hard struggle to dispel the smugness exuded by Mr. James Callaghan. But a Conservative government was in the best interests of Britain.

Labour had presided over record unemployment and inflation and a drop of 20 per cent in the value of the Pound. The economy had stagnated for four years and output today was barely higher than during the three-day week of early 1974.

Mr. Heath demanded: "What has the Prime Minister to be complacent about? We must first recognise our real situation, not smother it. We must then try to recreate our sense of purpose and re-establish our confidence."

Last night Mr. Walker said he had never been in any doubt that when it came to election battles Mr. Heath would be pitching in harder than most on behalf of the Conservative Party.

Mr. George Gardiner, Tory MP for Reigate and one of the most active campaigners to replace Mr. Heath as leader said: "Clearly Ted is throwing his full weight behind Margaret and Tory policies. We all say welcome back."

# Schmidt hopes to make progress over currency

BY JONATHAN CARR BONN, July 5.

Chancellor Helmut Schmidt of West Germany is hoping for a further advance on his plan for a wider zone of currency stability in Europe at the European council meeting in Bremen tomorrow and on Friday.

But there is no question in Bonn of bringing the new zone into being through a Bremen decision. Key problems remain to be solved.

The German side will be satisfied if accord can be reached by all nine Community leaders to pass on guidelines to the European Monetary Committee (senior government and central bank officials) for further, detailed study.

That action, the Germans feel, will be far from burying the scheme—which Herr Schmidt broached in general terms and great secrecy at the Copenhagen council meeting in April.

There has been no overall political agreement to go ahead with the idea. The British have considerable doubts about it, and a long list of conditions they think must be fulfilled if the scheme is to come to fruition.

It is also emphasised that agreement to go ahead with study of the currency plan does not automatically imply that all states will join the zone at the same time.

That is important to Mr. James Callaghan, who may soon face a General Election. A specific commitment to join the currency zone might, it is felt, be held against him, but an accord simply to proceed with the study would not compromise him.

Montary union and the EEC Page 18
Trade pact unlikely—Strauss Page 4

Herr Schmidt's scheme springs from his belief that the fluctuating exchange rates of the past few years have hindered growth—and employment. The view is shared by President Valery Giscard d'Estaing of France.

If the scheme emerges it will mean the end of the so-called European "snake" currency arrangement, but not of the discipline the "snake" involves.

A different name will be given to a new European system with an inner ring of currencies held in close mutual relationship, and an outer ring of other currencies with wider fluctuation bands. A part of national reserves, including therefore West German reserves, would be paid into a pool for intervention.

The currency zone is not on the official agenda at Bremen. It will be discussed informally, but intensely, outside the conference chamber.

The formal agenda includes a survey by Herr Schmidt of German aims for its current six-month presidency of the Community Council. There will also be close discussion of the agenda for the Western economic summit in Bonn 10 days later.

● Mr. Robert Strauss, U.S. Special Trade Representative, said in Washington that there is little chance, if any, of reaching even broad agreement in the GATT multilateral trade negotiations before the Bonn summit. There was substantial disagreement on agriculture.

# £15m payout for Swan Hunter

BY ANDREW TAYLOR

SWAN HUNTER is to receive £15m compensation from the Government for its shipbuilding interests nationalised last year. Much of that will go to shareholders. The group is expected to make a further statement today.

This is the first substantial compensation payment agreed with the Government. It has paid a total of £1.8m to shareholders of Robb Caledon and John G. Kincaid, but, unlike Swan Hunter, those businesses were entirely taken over under the nationalisation Bill.

The Government may be ready to make full compensation offers to other groups. The Laird Group, which has received a £650,000 interim payment, said yesterday it had been told last month that a full offer was imminent.

However, many negotiations are still in the preliminary stage and some have not begun. Mr. Gerald Kaufman, Minister for Industry, said he expected all negotiations to have started by the end of this month.

In the Swan Hunter deal, the Government is to pay a total of £15m satisfied by the issue of Government stock—including £2.35m paid on account this year. From that should be deducted £3.75m of outstanding loans owed to the subsidiaries.

Mr. Anthony Wilson, of accountants Price Waterhouse, appointed by the Swan Hunter board to look after the interests of its stock holders, said last night the compensation sum was worth 81.66p a share, marginally higher than the gross asset value for each share of the nationalised subsidiaries in the group's last annual accounts. Before yesterday's announcement the group's share price was suspended at 128p.

Arriving at the compensation figure called for an estimate of what value the shipbuilding and repair activities contributed to the group's average share price in the six months to February 28, 1974. The negotiations also had to consider profit-earning capabilities and the surplus cash in the businesses.

It is a complicated procedure. Other negotiations may proceed less easily than those with Swan Hunter, where negotiations took six months.

The Government has faced heavy criticism for the delay in arranging compensation terms. It has made payments on account totalling only £28m for the aircraft and shipbuilding activities nationalised last year.

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For latest Share Index 'phone 01-246 8026

# Ministers resigned to lost revenue

By Richard Evans, Lobby Editor

THE GOVERNMENT will take no immediate steps beyond the 1½ per cent National Insurance surcharge to recoup the revenue lost by the additional cuts in income tax achieved in May by the Opposition parties.

Instead, Treasury Ministers will study the economic situation between now and November to decide what, if any, action is necessary to ensure that the public sector borrowing requirement remains within the £8.5bn announced in the Budget.

Mr. Joel Barnett, Chief Secretary to the Treasury, implied yesterday during the report stage of the Finance Bill in the Commons that there was every hope among Ministers that further action would not be necessary.

MPs were debating the Government's proposal to increase employers' National Insurance surcharge by 1½ per cent, which will produce £330m this year, leaving a shortfall in revenue of £140m on Budget calculations.

Mr. Barnett confirmed that the Government would accept the two Opposition amendments that did the damage: the reduction in standard rate by 1p to 33p and the raising of the higher band rates.

### Support

The Government had hoped to increase the National Insurance surcharge by 2½ per cent but was forced to reduce the amount in order to gain the support of the Liberals.

Mr. Barnett admitted that the surcharge, strongly opposed by the Conservatives because of its adverse effect on employment, would have some impact on company cash flow but he believed it would have been far more damaging to raise value-added tax as the Conservatives advocated. This would have led to higher prices and excessive wage settlements.

Sir Geoffrey Howe, "shadow" Chancellor, said that the surcharge would be a tax on jobs, profits, and investment. The surcharge was taking the country in the wrong direction.

During the debate Mr. Barnett implied that the Government might increase cash limits in the public sector, such as the National Health Service, in order to offset the effects of the higher surcharge.

Parliament Page 8

**£ in New York**

| — | July 5 | Previous |
|---|---|---|
| Spot | $1.8675-8685 | $1.8665-8675 |
| 1 month | 0.42-0.44 dis | 0.48-0.44 dis |
| 3 months | 1.57-1.52 dis | 1.58-1.51 dis |
| 12 months | 5.10-4.90 dis | 5.15-5.05 dis |

# Egypt peace plan envisages role for UN

BY OUR FOREIGN STAFF

Egypt yesterday published its latest Middle East peace proposals. They are essentially a restatement of basic Arab demands, but are set within a different framework and involve a supervisory role for the UN. Israel regards the plan as unacceptable, but is none the less virtually certain to send Mr. Moshe Dayan, Foreign Minister, to London for talks with Mr. Mohammed Ibrahim Kamel, Egypt's Foreign Minister, later this month.

## Basis for London talks

BY ROGER MATTHEWS CAIRO, July 5.

THE EGYPTIAN plan calls for the abolition of Israeli military government in the Gaza Strip and the occupied West Bank, including East Jerusalem, at the start of a five-year transitional period. It comes in response to an Israeli proposal offering limited autonomy for the occupied territories.

The Egyptian proposals make clear that although Cairo wants the military government to end, it is also aware of Israel's security needs.

The countries' two widely-divergent proposals will form the basis of discussions at a meeting in London later this month.

There are no revelations in the Egyptian scheme, the basis of which was rejected by the Israeli Government even before it was officially published. The essence of the plan is for the West Bank to become the responsibility of Jordan during a five year period, while Egypt would accept responsibility for the Gaza Strip.

This would effectively mean a return to the borders that existed before the 1967 Middle East war, but with the difference that this time the Egyptians and Jordanians would exercise their responsibility "in co-operation with the freely-elected representatives of the Palestinian people, who shall exercise direct authority over the administration of the West Bank and Gaza Strip."

Egypt suggests that the UN should supervise and facilitate the Israeli withdrawal, together with the restoration of Arab authority.

While the Egyptian proposals are in essence a restatement of the historical Arab position as spelled out by President Sadat in his speech in Jerusalem last November, they do reflect a shift away from the Cairo insistence that a broad declaration of principles be agreed.

This in turn is a reflection of the bitter disagreement between Egypt and Syria and Mr. Sadat's desire to bring King Hussein of Jordan to the negotiating table. These latest Egyptian proposals suggest no role for the Syrians and also avoid mentioning the Palestine Liberation Organisation headed by Mr. Yasser Arafat.

David Lennon writes from Tel Aviv: Israel has not yet reacted publicly to the Egyptian proposals, but officials said that they did not appear to set any pre-conditions to the renewal of direct talks between the two countries. Israel would have refused to participate in the talks if any prior commitments had been demanded.

The Government has already rejected the proposal that it hand over the occupied West Bank and Gaza Strip to Jordanian and Egyptian control, even as a temporary measure, but Israel is willing to sit down with the Egyptians to search for common elements in the peace plans of the two countries.

Intensive discussions got under way in Jerusalem today on the Egyptian plan, Israel's response to it, and the guidelines which will be given to Mr. Dayan if the Cabinet decides on Sunday, as expected, to approve his going to London.

Rami G. Khouri writes from Amman: Mr. Adnan Abu Odeh, Jordan's Information Minister, said tonight that Jordan was studying the plan and might issue a statement tomorrow.

However, the Jordanians are likely to be cautious about any public statements concerning their involvement with the West Bank, as the 1974 Arab Summit at Rabat decided that the sole legitimate representative for the Palestinians of the West Bank in any resumed peace negotiations must be the PLO.

Text of proposals Page 4
Editorial Comment Page 18

**Israel has won permission from Washington to provide Taiwan with Kfir jet fighters in a deal thought to be worth $300m. U.S. agreement was needed because some parts of the aircraft are made in America. Approval is understood to have been conveyed personally to the Israelis last week by Mr. Walter Mondale, the U.S. Vice-President. Page 4**

# W. German unemployment at four-year low in June

BY GUY HAWTIN

FRANKFURT, July 5.

UNEMPLOYMENT IN West Germany declined last month to its lowest level since 1974. However, Herr Josef Stingl, president of the Federal Labour Office, said today that the figures gave no grounds for rejoicing as joblessness was continuing at an "appallingly high" level.

Statistics issued by the Federal Labour Office today show that the number of unemployed in the Federal Republic fell by 35,678 to 877,319. This brings the country's unemployment rate down from May's 4 per cent of the total labour force to 3.9 per cent in June.

Herr Stingl said that the improvement in the labour market was attributable above all to the upturn in the construction industry. In addition, as a result of variations in school holiday periods from state to state fewer school leavers had registered as unemployed.

Unemployment in West Germany is, however, declining at a far faster rate than last year when the May-June decline was 15,500. The June unemployment figures were also a full 5.8 per cent below the comparable figure for 1977.

Obviously, seasonal factors provided the main reason for the decline and seasonally adjusted statistics show an unemployment rate of 984,000 in June compared with the previous month's 997,000. While this again is the lowest level for a considerable period, Herr Stingl drew little satisfaction from the returns as joblessness remains particularly high in the Federal Republic's industrial strongholds of Duisburg, Gelsenkirchen and the Saarland.

The sharpest decline in joblessness was among male workers. The number of unemployed men fell 6.8 per cent to 409,409 from May to June. Furthermore the June total for unemployed males stood 9.2 per cent beneath the level recorded in the same month of 1977.

Against this, the number of women out of work fell back from May to June by only 5,977 to 467,810, which was just 2.5 per cent below the position a year earlier. The unemployment rate among males at the end of June stood at 2.9 per cent compared with 3.1 per cent in May. The rate of unemployment among women on the other hand stood at 5.5 per cent last month against May's 5.6 per cent.

The Labour Office president also reported a small 2 per cent decline in the numbers hit by short-time working. The total dropped from May to June by 4,806 to 230,516. The short-time working figures, however, have been greatly inflated by a near 100 per cent increase in the number of coal miners working reduced shifts, primarily as a result of heavily reduced demand from the steel industry. Currently there are 86,805 coal miners on short time.

# Bonn launches long-term coal investment programme

BY ADRIAN DICKS

IN A SPEECH to the Bundestag in April, Count Otto Lambsdorff, the West German Economics Minister, promised that among the features of Bonn's newly-begun six-month presidency of the European Council would be a new initiative on energy policy. Specifically, he said he wanted the Nine to discuss how best to make use of their plentiful, if increasingly costly, reserves of coal.

Details of West German thinking on a European coal policy are not yet known. But Bonn has this spring set in motion a huge investment programme designed to prepare for the day when energy prices are high enough to justify major increases in the use of Germany's hard coal—the country's only abundant domestic energy resource.

The West German coal industry has for some years been burdened by short-term financial problems that have made it hard to find the cash needed to undertake longer-term investment in new pits, new technologies for mining and new ways of using coal itself more economically. Coal sales have been falling, coal and coke stocks at the pithead rising, and employment of capacity deteriorating as output has had to be cut back. In 1977 Ruhrkohle, the giant of the industry with 82 per cent of West German hard coal production, suffered operating losses of DM 525m.

For some years now, the federal Government and the coalfield states have had to help out with operating subsidies, social assistance to ease the continuing run-down of the mining labour force, and not least, with money for stocks of 34m tonnes that are still rising. In all, these subsidies amount to over DM 4.5bn a year, according to Count Lambsdorff's own figures.

Yet is has been necessary for the federal and state Governments to swallow hard and to go ahead with a new programme which will give the industry DM 582m more a year during 1978-81, with the emphasis on securing long-term employment through new investment.

Immediately, that means improving the equipment of existing coal mines. Fairly typical is the situation of the Westerholt complex, not far from the Ruhr town of Gelsenkirchen. This year's detailed plans of how Ruhrkohle will spend the DM 300m or so it will have available for mine improvement are not yet known to the local management or to the works council with whom many important decisions are in effect shared. Both reckon, however, that Westerholt might expect to get DM 10m to DM 15m as its share.

In addition to work in hand (which includes the sinking of a new, more efficient air shaft), Westerholt would like to be able to buy more new coal-cutting equipment. Its most recent fully-automated, Hydraulic face, currently working a 400 metre-wide seam at a rate of 1 metre every two or three days, is a decade old and was acquired from a neighbouring pit that has been shut down.

Westerholt produces coal of four different grades, varying from high-level steam and coking coals down to lower-quality ballast coals. Sales are overwhelmingly to nearby power plants and coke ovens, to which much coal from the pit can be moved by conveyor belt. Underground, the colliery manager and the works council chairman agree, mechanisation has gone about as far as is technically possible. Productivity is high in keeping with the Ruhrkohle average of 3,895 kilos per man-shift worked below ground in 1977.

Yet there is uncertainty about the pit's future, if sales of coal do not improve. Westerholdt is running well below capacity, though short-time work for the men has been avoided so far. How viable the pit really is, and for how long, is still a matter that the men worry about. Even if, as Ruhrkohle says, Westerholt has as long a future as any pit in the region, both the management and works council agree that manning is going to be increasingly hard.

Not that labour relations are bad: on the contrary, the local management and works council at Westerholt, for example, are highly complimentary about one another. The heart of the problem is, however, that working underground is still hot, dusty and tiring even with a high degree of mechanisation, shorter working hours and other improvements. The Westerholt manager is frustrated by the rule which allows many miners to retire at 50 on something close to full pay. If they have completed a normal working life underground. His vexation is understandable, for men in their 40s, who make up 38 per cent of Ruhrkohle's work force, have experience that is difficult and costly to replace. But most miners, given the choice, feel that at 50 they have had enough. Not only that, but like miners in many other countries, they do not want their sons to take their places.

Mechanisation has seen steady increases in the degree of qualification needed in German coal mining. Ruhrkohle is able to recruit a high proportion of the young men it neds to train as mine electricians, mechanics and fitters from the Ruhr area. Unskilled men are harder to acquire. As in other branches of German industry, foreign workers have been hired in large numbers, and they make up 19 per cent of Ruhrkohle's total work force. At Westerholt, over 600 of the total of about 4,000 men are Turks. Safety notices underground are in two languages.

WEST GERMAN COAL USAGE

| | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 |
|---|---|---|---|---|---|---|
| Hard coal use (m tonnes) | 84.2 | 82.7 | 64.5 | 70.7 | 63.7 | — |
| As per cent of all energy used | 22 | 23 | 19.1 | 19.1 | 17.7 | — |
| Coal and coke stocks (m tonnes coal equivalent) | 18.7 | 17.0 | 3.4 | 14.7 | 24.9 | [illegible] |
| Manpower ('000) | 204 | 205 | 202 | 196 | 191 | — |

It may seem paradoxical that the German coal mining industry should now be faced with the real prospect of a shortage of manpower, given that there has been a rundown in just 20 years from over 600,000 employees to well under 200,000 last year, and from 400,000 to 115,000 in the number of men working underground.

Yet the industry will become even more capital intensive in the future. While Germany has in theory vast coalfields stretching from the Ruhr out into the North Sea, the coal-bearing strata dive steadily deeper. New pits planned for the north reaches of the Ruhr will hav reach the limits of presen ing technology, which reach far below 1,500 metres more. As a result, resea funded by the federal Gov ment is being carried out underground gasification of c though so far with little pros that this will be feasible ei in terms of the temperatu needed to make the process w or of the efficient use of the c itself.

More important are the exp ments now going on into m efficient gasification of mi coal. The object (as in simi work being carried out in Brit and in the U.S.) is to produc synthetic natural gas capable being subsituted for natural around the end of this centu

Ruhrkohle, Ruhrgas (in wh BP now has a 25 per cent sta and the Ruhrkohle-control Utility Group STEAG are p ners in the Arbeitsgemeinsch Druckvergasung. With 75 cent of the DM 108m cost bo by the federal Research Minist the group is to start up a pl plant next year at Dorsten, n of Essen, called the Ruhr Using an advanced version of Lurgi pressurised gasificat plant first developed in the 19 and 1960s, the Dorsten plant aim at converting 3-10 tonnes hour of coal into synthe methane at a pressure of up 100 Bar (atmospheres pressur

In theory, the process is attractive one, which offers number of other by-products well as using residual coke fr the gasification process to p vide high heat for the convert Engineers concerned with plant do not, however, und estimate the difficulties of r ning it at such high press continuously, over long peri

According to present calc tions, the synthetic meth produced at Dorsten, which be fed into the Ruhrgas grid, cost at least four times as m as the natural gas which group now buys from Holla Russia and Iran. But Germ energy planners are looking the day when even that mi seem cheap.

# Reksten rumours denied

By Fay Gjester

OSLO, July 5.

RUMOURS in London that the troubled Reksten supertanker group, of Norway, might scrap four or five of its oldes very large crude carriers (VLCCs), have been denied by the group's managing director, Mr. Odd Kvaal.

The rumours, attributed to "banks in London," were reported in the Oslo Journal of Commerce and Shipping yesterday. They named the ships earmarked for scrapping as Aurelian, Nerva, Kong Haakon VII, Octavian and possibly Gordian as well.

All five, the paper pointed out, belong to a class of VLCCs which will probably never be able to operate at a profit again. They are from ten to seven years' old, turbine-driven, and most costly to run that motor tankers. All five are at present laid up..

Denying that his group planned to scrap the ships, Kvaal said all five were of a very high technical standard, and safe in operation.

The Oslo newspaper Aftenposten reports to-day that Hambros has asked the Norwegian Guarantee Institute for details of the economic prospects for every ship in the Rekstem fleet. This currently comprises 12 supertankers of 220,000 and 300,000 tdw, plus one LNG carrier, the Lucian.

## Soviet-Oslo fishing pact renewed

By Our Own Correspondent

OSLO, July 5.

AN AGREEMENT between Russia and Norway on the regulation of fishing in a disputed area of the Barents Sea has been extended for a further year, to July 1, 1979. The extension was effected by an exchange of notes in Moscow last Friday, the Norwegian Foreign Ministry announced.

Under the agreement, Norwegians and Russians fish in the area according to their respective national laws, while each country's patrol boats police fishing by their own and third party vessels.

The agreement remains temporary and does not prejudice either country's continental shelf claims.

# Aid to shipbuilding urged by Parliament

BY PHILIP RAWSTORNE

LUXEMBOURG, July 5.

THE EUROPEAN Parliament today called on the EEC Commission to consider a series of radical measures to alleviate the crisis in the Community's shipbuilding industry.

Proposals for study put forward in a formal resolution include:

An EEC fund to implement a "scrap and build" scheme under which Community ship owners would be given special premiums to scrap older vessels and order new ships from European yards;

A Community preference scheme requiring ship owners to order all, or a high percentage, of their ships from EEC shipyards;

Allowances that would enable unemployed workers to retain full pay while waiting for a new job;

Payments to compensate workers for loss of wages, removal expenses, retraining costs and early retirement.

The Parliament's resolution also pressed for the inclusion of representatives of both sides of the industry in the committee of senior civil servants from the member states which the Commission proposes to establish to review and co-ordinate future policy.

Viscount Etienne Davignon, the Commisisoner for Industry gave no indication of the Commission's likely reaction to any of the schemes.

The Commission has previously opposed ideas of a Community preference scheme. But the demands on it to examine the possibility—particularly if it failed to reach any international agreement on sharing shipbuilding orders—mounted rapidly among MPs today.

Conservative peer, Lord Bessborough, presented a report from the Budgets Committee which criticised the Commission for paying insufficient attention to the possibility. Socialists and Christian Democrats finally joined forces to ensure that a demand for further examination of such a scheme was included in the resolution.

Mr. John Prescott, British Labour leader, won general support for a statement on the industry's situation in which he criticised the inadequacy of the Commission's response so far to the crisis.

Estimates had suggested that EEC shipbuilding production could be cut back by 70 per cent by 1980 with some 90,000 shipyard and ancillary workers losing their jobs.

"It is essential that we reorganise our industry," he said. "Some yards will have to close but the rest must be given

## Consumer move blocked

BY PHILIP RAWSTORNE

LUXEMBOURG, July 5.

THE EEC Commission's attempts to harmonise Community law on consumer protection suffered a severe setback at the hands of British Conservative MPs today.

At a private meeting of the European Parliament's legal committee, the Conservatives successfully challenged the Commission's right under the Treaty of Rome to introduce further consumer protection regulations.

Mr. Charles Fletcher-Cooke, Tory MP for Derby, secured a majority of one vote for a wrecking amendment to the Commission's proposals after disputing its interpretation of the Treaty.

The Commission's plans, he argued, would also conflict with UK common law.

Christian Democrats, Liberals and Gaullists backed the Conservatives to give them a 13 to 12 victory over the Socialists and their allies on the committee.

Viscount Davignon, Commissioner for Industry, is to consult Community lawyers before deciding whether to accept the defeat or to put the issue to another vote in the full Parliament.

# Ginzburg trial date set

By Our Own Correspondent

MOSCOW, July 5.

HAVING SPENT the last 17 months in custody, Mr. Alexander Ginzburg, a prominent Soviet dissident, will go on trial next Monday, charged with anti-Soviet agitation, his wife Arina said today.

Mr. Ginzburg, a member of the group which sought to monitor Soviet observance of the Helsinki accords and the administrator of a fund (set up with royalties from books by Mr. Alexander Solzhenitsyn) to aid political prisoners, faces a maximum sentence of 10 years imprisonment and five years' internal exile.

Dr. Yuri Orlov, a physicist and the founder of the Helsinki Group, was sentenced in May by a Moscow court to seven years' imprisonment and five years' exile. Mr. Ginzburg faces a more severe sentence because he is considered a recidivist. He was sentenced to five years imprisonment for anti-Soviet agitation in 1968 in connection with a "white book" he wrote on the 1966 trial of the writers Andrei Sinyavsky and Yuli Daniel.

Mrs. Ginzburg said she was informed of the trial date by Mr. Ginsburg's lawyer, Yelena Reznikova. Mrs. Ginzburg had asked that her husband be defended by Mr. Edward Bennet Williams, an American attorney retained to represent him by Mr. Solzhenitsyn, but this was not allowed.

Mr. Ginzburg was the first of the Helsinki Group of dissidents to be arrested

President Leonid Brezhnev and other Soviet leaders receive the applause of Supreme Soviet delegates.

# Kosygin: U.S. trade low

BY DAVID SATTER

MOSCOW, July 5.

MR. ALEXEI KOSYGIN, the Soviet Premier, today expressed disappointment with the low level of U.S.-Soviet trade in the first major address of a two-day session of the Supreme Soviet, the Soviet Parliament.

Mr. Kosygin told the Supreme Soviet session, which is expected to deal with economic problems, that only 2 per cent of the total volume of Soviet foreign trade is with the U.S., demonstrating that trade between the two countries was only at a preliminary stage.

This level of trade was attributed by Mr. Kosygin to U.S. reluctance to create trade conditions which are "generally acceptable in international practice," an apparent reference to the Jackson-Vanik Amendment which ties favourable U.S.-Soviet trade conditions to freer Jewish emigration.

The present Supreme Soviet session is also expected to approve a Communist Party Central Committee resolution which outlined shortcomings to be eliminated from Soviet agriculture including the poor organisation of the cultivation and harvesting of grain, sugar beets, sunflower seeds, potatoes and other vegetables.

Mr. Kosygin, 73, said that the Soviet Union was striving to increase foreign trade with all countries, including capitalist countries, but it was important that the striving should be mutual.

Soviet economic sources have estimated that unimpeded U.S.-Soviet trade could have an annual value of as much as $7bn a year. Last year, however, bilateral trade had a value of only 1.5bn roubles ($2.2bn) according to Soviet statistics, compared with a trade value of 2.2bn roubles ($3.2bn) in 1976.

Mr. Kosygin's remarks may have been timed to underscore the Soviet attitude following the recent arrest and subsequent release of Mr. Jay Crawford, the representative in Moscow of International Harvester, a U.S. firm which has been a champion of greater U.S.-Soviet trade.

The Central Committee resolution on agriculture, which was adopted at yesterday's plenary session, was based closely on a long report given by Mr. Leonid Brezhnev, the Soviet President, on Monday. The report by Mr. Brezhnev reiteration the Soviet leadership's commitment to improving the country's troubled agricultural sector and called for increased efforts to improve it.

The Central Committee resolution said that besides inefficiency in crop raising, Soviet agriculture was hampered because stock breeding was not increasing fast enough, costs were rising, and there was a fodder shortage. Production of farm machinery and fertilisers was insufficient, as was the construction of new buildings.

Western agricultural experts believe that Soviet agricultural output decreased by 5 per cent in 1977 in comparison with a planned 10 per cent increase. The agricultural setback stemmed from a disappointing 1977 grain harvest of 195.5m tonnes which was 17.3m tonnes short of the target.

The Central Committee resolution laid stress on improving the grain harvest and said that the Party was aiming at an average annual grain harvest of between 238m and 243m tonnes during the 1981-85 five-year plan. The best Soviet harvest ever was 223.8m tonnes in 1976.

In his speech on Monday, Mr. Brezhnev acknowledged that overall agricultural production had fallen short of its targets during the past two years and dwelt on milk and meat production, which are closely tied to grain production. He said rising demand for milk and meat was outstripping the increase in production.

Mr. Brezhnev also said that the Soviet Council of Ministers should draw up a long-term plan for improving living conditions in the countryside and increasing investment in that area by the start of next year.

Soviet-West German trade revives, Page 4

# Giscard reaffirms EEC role for Spain

By Robert Mauthner

PARIS, July 5.

THE FRENCH Cabinet toda confirmed that it was in favo of Spain's entry into the Comm Market in spite of last weekend tough statement by M. Jacqu Chirac, the Gaullist leade opposing Spanish membership.

Ministers had earlier heard report by President Giscar d'Estaing on his recent state visi to Spain, in which the Preside stressed that Spain would be a important political and econom partner for France within th European Community. It ha been agreed, M. Giscar d'Estaing said, that the tw governments would mainta close contacts and that th Spanish Prime Minister, S Adolfo Suarez, would pay a official visit to France at the en of the year.

In addition, the two gover ments would draw up a compre hensive list of the problem arising for France and Spai from the latter's membership o the Community.

On the domestic front, th Government has decided to pre pare a 10-year development pla for the south-western depar ments of France, important win and fruit growing regions, t enable them to face up to th tough competition from Spanis producers.

Most of the opposition t Spanish membership is comin from these areas, which hav already suffered severely fron the competition of cheap Italia wine imports. M. Chirac and hi Gaullist party, who are taking a increasingly independent lin within the ruling coalition clearly intend to make as much political capital as possible out o the French wine growers' opposi tion to Spain's entry into th Common Market.

## Cabinet backs N-plant construction

By Our Own Correspondent

PARIS, July 5.

FRENCH NUCLEAR power plants will continue to be built at an annual rate of 5,000 MW of capacity in 1980 and 1981, according to a decision taken by the Cabinet today.

M. Andre Giraud, the Minister of Industry, told the Cabinet that nuclear power plants would be producing energy equivalent to 45m tonnes of oil by 1985, about 20 per cent of the country's total needs. This represented annual foreign currency savings of more than FFr 20bn ($4.4bn) at current oil import prices.

The Cabinet decision confirms the priority by which France, dependent for 75 per cent of its energy requirements on imports, has been giving to the development of nuclear energy since the 1973 oil crisis.

However, nuclear capacity is being installed at a slower rate than a few years ago, mainly because of lower demand for electricity in the present slack economic climate, increased environmental opposition to nuclear plants and the cost advantage of nuclear electricity.

The Minister of Industry emphasised today that the development of nuclear energy was only one aspect of the Government's energy policy and that it would be accompanied by efforts to save energy and exploit national resources, particularly hydro-electrical power.

SPAIN'S WARRING EMPLOYERS

# Recession and unions provoke rift

BY DAVID GARDNER IN BARCELONA

IN THE face of a militant minority seeking open confrontation with Spanish trade unions and the Madrid government, Catalan employers yesterday sought to promote the candidature of Sr. Carlos Ferrer Salat for re-election as president of the Confederacion Espanola de Organizaciones Empresariales (CEOE), the Spanish equivilent of Britain's CBI.

The elections are due in two months' time, and Sr. Ferrer has been under increasing pressure from employers who want a more vigorous defence of their interests against Government projects for fiscal reform and enhanced trade union freedoms in the workplace.

In Catalonia the government's proposed trade union Bill has aroused praticular controversy. This took a sharp turn in May when SEFES, representing employers from the Baix Llorbregat, the region's most important industrial area, decided to impose a 24-hour lock-out for each day lost through strikes. Amid growing support for its radical view, SEFES said it would supplant Catalonia's traditional employers' grouping, the Fomento de Trabajo Nacional, which is federated nationally in the CEOE.

Yesterday's meeting therefore also helped ranks to close against SEFES and to take some heat out of Catalonia's increasingly tense industrial relations.

The Baix Llobregat, south and south-east of Barcelona, consists mainly of small to medium-sized firms serving the engineering industry, while the northern Valles is the stronghold of Catalonia's important textile industry. The relative decline of this industry has, however, increased the weight of the engineering, and chemical and pharmaceutical industries in the area, and it is employers in these latter sectors who have joined forces with SEFES.

One reason for the tough initiative is that Barcelona province last year had the largest number of "suspensiones de pagos"—where a company goes into an officially-recognised temporary default—and more of these are expected in the present climate of poor liquidity, depressed demand, and thin order books.

An aggravating factor is that many firms in areas like the Baix Llobregat are suppliers for larger concerns like the SEAT car company, Spain's third largest employer. When SEAT put its workers on short time in April, the ripples engulfed several firms in the area.

But perhaps most important in conditioning the thinking of SEFES and its followers is the Baix Llobregat's recent history of industrial conflict. In the past years of Franco the area experienced four general strikes in as many years. Two Barcelona-based firms, Motor Iberica and Hispano Olivetti, between them dismissed nearly 200 workers for trade union activity between 1973 and 1977, among them two present MPs, and the secretary-general of the country's most powerful trade union, the Communist-led Workers' Commissions.

The radicals among the employers first began to surface as a separate current of opinion at a now celebrated meeting in Catalan employers held in Barcelona last September. Shortly afterwards, the so-called Moncloa Pact was signed between the Government and main opposition parties, under which a 22 per cent wage ceiling was agreed for this year. The pact involved neither unions nor employers directly, although it has subsequently won the majority support of both.

SEFES warned then that 22 per cent was too great a burden for industries in its area. It began to increase the stridency of its attacks on the Government, but the breaking point came later, with the Government's introduction of a draft bill to formalise trade union freedoms in the workplace, part of the *quid pro quo* of the Moncloa Pact. Through paid advertisements in the local and national Press, SEFES warned that it would consider factory closures if the bill went through in its original form, which contemplated a mechanism whereby an elected works council would be kept informed of the firm's plans and progress.

SEFES further threatened a campaign throughout Europe against Spanish entry into the EEC, and a moratorium on social security payments, in which many firms have in any case fallen seriously behind.

This intransigence was the keynote in the major round of yearly wage negotiations begun in April, which led to the mass strikes and demonstrations of mid-May centred on the engineering, textile, construction, hotel and chemical industry. Catalonia had till then enjoyed a period of industrial peace.

The Government was by this time retreating on the provisions in its Bill most cherished by the unions, and the powerful Catalan labour movement decided it was time for a show of strength, at one stage bringing out 800,000 workers on strike. The radical employers led by SEFES responded with the lock-out threat, breaking ranks with their colleagues to concentrate their fire on the unions rather than the Government.

At a national level, SEFES wrote Sr. Ferrer out of its plans and enlisted CEOE vice-president Sr. Luis Olarra, a forthright Basque industrialist. Sr. Olarra had used the SEFES annual conference at the end of last year to launch a ferocious attack on the Moncloa Pact. Although he has stated firmly that he is not a candidate, Sr. Carlos Gelabert, the SEFES president, is promoting him not only as a possible future CEOE president but as a future Minister of Economy.

With the latest developments it is not clear to what extent SEFES has consolidated its position inside Catalonia. The lock-out threat has still to be successfully implemented, in part because the unions backed off from a major clash in the engineering industry, but it has made Catalonia Spain's most unsettled industrial region.

In the Baix Llobregat itself, SEFES claims to have arrived at a "social pact" with the Workers' Commissions which dominate the area. But while they can afford to slow-pedal, its competitor unions, if they are to grow, cannot. And while the dust has settled a little after the May strikes, the real issues behind the strikes are far from resolved. The yearly wage negotiations were merely an occasion for them to surface.

# France seeks tighter sea rules

BY DAVID WHITE

PARIS, July 5.

FRANCE IS to press its European partners and the world's shipping nations for more clearly-defined powers against vessels which infringe navigation rules and for higher crew standards and stiffer penalties in order to reduce pollution risks at sea.

The proposals form part of a plan presented to the French Cabinet today in the wake of the oil spill disaster involving the tanker Amoco Cadiz off the Breton coast three months ago.

French pressure for tighter international rules, to be exerted in the EEC and in the London-based Inter-Governmental Maritime Consultative Organisation (IMCO), is directed against existing flag-of-convenience practices.

French views about the degree to which flags of convenience are responsible for incidents like the Amoco-Cadiz disaster are not shared by all its partners.

The French plan involves an extra FFr 150m ($33m) in Government credits for monitoring, rescue and clean-up operations, especially in the Channel. At the same time the French are suggesting further changes in Channel routing arrangements which would keep traffic away from coastal danger-points. These are along the lines of the improved corridor arrangements already agreed.

Radar surveillance of maritime routes is to be improved, as are lane markings. The French authorities will lease a powerful seagoing tug, to be based in the Breton port of Brest, where an International. The tug chosen up to assist vessels in difficulty. Other teams may later be set up in Cherbourg and Toulon.

Lynton McLain adds: France will pay £6m over three years for either the Abeille Normandie tug or the Abeille Provance. Both are privately owned and on long term charter to the Societe Progemar, Paris, the owners of the salvage company Les Abeilles International. The tug Cadsen will be on full-time stand-by charter to the French Government.

The agreement is expected to herald a new approach to salvage financing. Salvage work will be conducted on a Lloyds open form "no cure no pay" salvage contract, of the type sought by the German tug captain during the rescue attempt on the Amoco Cadiz.

The Lloyds contract would form the basis of 90 per cent of all rescues, according to Mr. Yves Dumont, managing director of Les Abeilles.

But if there was no agreement between the tug and a stranded vessel, "The French Government will impose a daily rate."

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# )fficial loan-raising nay drive up J.S. interest rates

! STEWART FLEMING — NEW YORK, July 5.

ECASTS that the U.S. sury and Government agen- will become very heavy owers in public debt markets ie second half of this year leading to predictions that rnment demands could put ier upward pressure on U.S. rest rates.

urther evidence of the con- ing steady rise in short term interest rates came today i the news that Chemical k, a leading New York bank, increased to 8¾ per cent the of interest it charges to kbrokers for loans with urities as collateral.

hrough most of the year the ker loan rate has been one to three-quarters of a per- tage point below the prime . The Chemical Bank increase es its broker loan rate to hin one quarter of a percent- point of the prime rate which stands at 9 per cent.

This will be seen in the money kets as both an indication of ng money market rates and haps a precursor of a further ne rate increase.

key assumption in the lyses is that unlike 1977 when eign investors, mainly central iks, bought an estimated bn of U.S. Government urities or close to two-thirds the marketable securities ued, according to a Bankers ust estimate, foreigners are r expected to be such heavy rchasers this year. Last year's avy buying was primarily lated to the weakness of the llar.

In a recent analysis, Mr. Irving Auerbach of the U.S. securi- es firm Aubrey G. Lanston has predicted that U.S. Treasury and Government agency new cash raising in the second half of 1978 will be between $45bn-$50bn, of which around $35bn will be raised through Treasury issues. In the first half the Treasury raised only $300m of net new funds.

U.S. Government agencies which support the housing industry will be particularly heavy borrowers and could borrow up to $12bn compared with only $3bn in the same period of last year.

How big an impact this U.S. Government borrowing will have on the money and bond markets is in dispute. Those economists who foresee a sharp slowing in credit demands across the economy through the rest of the year are less concerned than those who are predicting strong borrowing from companies and consumers to continue. In the latter case the U.S. Government's borrowing needs will help to force interest rates higher still.

Economists such as Dr. Henry Kaufman point out, however, that although since January, 1977 there have been sharp falls in U.S. bond prices and associated rises in interest rate yields, so far the current bear bond market is less severe than the two which preceded it.

Thus in the 1972-74 period, interest rate peaks on Federal funds reached 13.75 per cent, compared with a peak of 7.89 per cent recently (on a weekly average basis). For longer term securities 30 year U.S. Treasury securities peaked at 8.63 per cent compared with a peak of 8.59 per cent since January 1977.

# Low growth forecast by institute

By Jurek Martin

WASHINGTON, July 5.

LOWER REAL growth, slightly higher inflation, smaller corporate profits and higher unemployment are forecast for the U.S. economy next year in the mid-year review of economic prospects conducted by the Conference Board, the New York-based private research institution.

The Board's forum of 12 leading economists predicts 3.3 per cent real growth, (compared to an estimated 3.8 per cent this year), 6.7 per cent increase in consumer prices (against an estimated 6.6 per cent), a 3.7 per cent rise in industrial production (against 4.6 per cent), unemployment averaging 6.4 per cent (up from a projected 6.1 per cent) and a corporate profits increase of only 4.7 per cent before taxes (down from 12.6 per cent).

Only one member of the forum, however, predicted a recession next year in spite of a general expectation that the Fed would have to tighten the money supply and drive up interest rates to combat inflation.

Reuter adds: Spending on new U.S. construction put in place rose by $5.6bn or 3 per cent to a seasonally-adjusted annual rate of $198.6bn in May, according to the Commerce Department.

U.S. URBAN RENEWAL

# Sweat equity in NYC

By Carole Korzeniowsky in New York

AT A DEED-SIGNING ceremony in New York recently, two inner city groups, predominantly black and hispanic, acquired the title to the first two of 12 abandoned and deteriorating tenement buildings which they plan to convert into 150 high-quality, low-cost co-operative apartments for themselves and their families. The groups, called People's Development Corporation and Adopt-a-Building, have been chosen by the federal Department of Housing and Urban Development to test a project which, if successful, will be extended to other groups and other cities. Officially it is known as the "multifamily homesteading demonstration," but the groups refer to what they are doing as "sweat equity."

In keeping with President Carter's vision of a "new partnership" between public and private sectors to deal with urban problems, the project involves a consortium of four city banks, led by Chemical Bank, which will lend initial construction funds at 1.5 points over prime rate, the interest not to exceed 10 per cent. The Department of Housing and Urban Development will supply long-term, low-interest (3 per cent) mortgages up to $2.5m. For its part, the City of New York, besides providing the buildings at nominal costs, will allocate federal employment funds to training the participants in construction.

While the Federal Government has been encouraging homesteading projects in recent years in other cities, it has never before ventured into the thorny area of multiple unit housing, although it is the most common kind of residence in New York and several other large cities. In the past, the beneficiaries of federal policies have tended to be middle-class families bent on returning properties to their former glory. In the process, they have halted the deterioration of many neighbourhoods.

The new programme addresses itself to two seemingly insoluble problems—structural unemployment among minority youths and severe deterioration of housing stock in two of the hardest-hit neighbourhoods in New York, the South Bronx and the Lower East Side. Directly contradicting the conventional habits of slum clearance and massive projects, it attempts to deal with the problems on a micro-level: to search out sound housing stock in a relatively well-preserved street, to turn that street around, and then gradually to widen the circle.

Federal aid is made contingent upon the existence of a strong neighbourhood organisation, ready and able to take on a long and arduous task. People's Development Corporation and Adopt-a-Building have successful track records. In the past four years, relying on catch-as-catch-can financing from municipal sources, each has completely rehabilitated one multi-unit building and organised and begun work on adjacent ones. They have succeeded in reconstructing units for from half to one-third of the cost of professional work, and with quality which is generally as good if not better. Monthly mortgage and maintenance costs again are one-third of the going price in New York.

But the advantages go far beyond immediate book-keeping. The Comprehensive Employment and Training Act (CETA), makes federal funds available to involve in the work youths who are considered "hard-core" unemployable. If, as Mr. Charles Lavan of the Urban Homesteading Assistance Board points out, "they learn how to show up on time, use tools and hold a job," the programme will have accomplished a great deal. Although Mr. Lavan concedes that he has "a real hard time in running CETA (training) programmes," he contends that the sweat equity groups are competitive with better-funded employment programmes in subsequently placing participants in jobs.

The sweat equity building owners are active on several fronts in creating alternatives to the stereotypes of ghetto life. They use, for instance, solar reflectors for part of their power supply.

Mr. Juan Villanueva, vice president and director of Urban Housing at Chemical Bank, who is administering the construction loan for the banking consortium, is quite confident that the projects will meet the terms and conditions set by the federal Government for acquiring permanent mortgage loans next year.

President Jimmy Carter touring a slum area of New York

# Early end to Pan Am's Dutch offer

By Charles Batchelor

AMSTERDAM, July 5.

PAN AMERICAN has ended its low-fare offer on flights between Amsterdam and Boston early because of overwhelming demand.

More than 2,600 travellers have queued up at the two airports. The management of Schiphol airport, Amsterdam, complained of conditions caused by travellers sleeping in the airport lounges.

Pan Am has been forced to start selling Fl 285 tickets to stand-by passengers since it calculates that all seats have been taken up on flights leaving before July 15, the date for the expiry of its Fl 115 offer. Anyone paying Fl 285 who manages to get on a flight before July 15 will be given a refund, Mr. Peter Legro, Pan Am director for the Netherlands, said.

About 1,250 people are on the waiting list in Amsterdam and a similar number is thought to be waiting in Boston for a return flight to Holland.

Mr. Sergio Orlandini, KLM's president, says the Dutch national airline has no plans to take part in the tariff-cutting war. The Laker Skytrain service between Britain and the U.S. offered a new service to the traveller, but some of the schemes did not help the passenger or the airlines, he told a news conference.

# Peru and IMF again seek accord on stand-by credit

BY NICHOLAS ASHESHOV — LIMA, July 5.

MISSION from the International Monetary Fund (IMF) rrives here today to begin negoating, for the fourth time in 6 months, with the Peruvian uthorities on the terms of a tand-by credit arrangement.

The Fund and the Government ope that, by the middle of the month, an outline agreement on he stand-by will have been eached so that signatures can e appended in September. The rst draw-down could then be made before the end of the year, hus satisfying the demands which would be part of a separte agreement being sought by Peru with a wide group of international banks which are creditors of Peru.

The big question is whether the Fund and Peru are in better shape to reach agreement than at any other time in the past 16 months, during which three sets of negotiations, including one signed agreement, collapsed in rancour between the parties. Also, within Peru, bitter riots, financial and political upsets, followed.

The financial situation is, at one level, better than in October, when the last arrangement with the Fund was signed, and, at another level, much worse.

It is better in the sense that, for the past six weeks, the Central Bank and the Finance Ministry have been run by astute technicians who have been able to juggle the small amount of foreign exchange available in such a way as to mollify, even impress, bankers at home and abroad. Outstanding payments on commercial debt, however, are said to be substantially more than $100m.

It is worse, on the other hand, because reserves have reached a new record low, of more than minus $1.3bn-$200m worse than eight months ago. Inflation ran at 40-50 per cent in the first six months of the year. The rate for all of 1977 was 33 per cent.

The negotiations this week will involve insistence by the Fund that the authorities here either allow interest rates on bank loans (currently pegged at an effective 23 per cent) to find their own level, or at least increase them, probably by a minimum of 12 per cent as a first step.

Industrialists claim that this would have a disastrous effect on their already-tattered finances. Only the biggest and strongest of the local banks, the Banco de Crédito, is openly supporting higher interest rates. The others say privately they fear that many loans could become uncollectable if rates rise.

Interest rates are not the only important issue which will be discussed by the Fund and the Government. However, they have become a central focus of argument in Lima because the issue appears to be clear—has Peru slid so far down the financial hill that at least some of its industrial enterprises, presumably the less efficient ones, have to be jettisoned in order to re-establish what the Fund, and many bankers, consider to be sound financial practice?

Reuter adds: Police used tear gas and water cannons to disperse crowds demonstrating yesterday at Cusco in support of a national strike by teachers for more pay, reliable reports reaching here said.

Scuffles broke out and police rounded up scores of people as the former Inca capital—high in the southern Andes and the third largest city in the country—was paralysed by a 24-hour sympathy strike.

# Satellite hunt in Canada

BY VICTOR MACKIE — OTTAWA, July 5.

SIX MONTHS after a nuclear-powered Soviet satellite crashed in the North-West Territory of Canada, the cost of recovering the pieces have reached $11m.

The total does not include the $1m fee which, it is estimated, Atomic Energy of Canada, paid a priavte company to comb the crash site this summer. During the winter, Canadian armed forces carried out the search.

Meanwhile, the Canadian External Affairs Department is trying to come up with an itemised account to send to the Soviet Union. The Defence Miinster, Mr. Barney Danson, has acknowledged that it could be about $6m.

Robert Gibbers adds from Montreal: Le Soleil, the Quebec City daily newspaper which has not appeared for 10 months because of a strike by editorial employees, is expected to be published on Saturday. The paper, owned by the businessman-journalist, Jacques Francoeur, is generally critical of Quebec Government policies.

Reuter adds from Toronto: A leading opinion poll today indicated that a recent challenge to the ruling Liberal Party of M. Pierre Trudeau, the Prime Minister, is fading.

He declined to call an expected general election this summer when polls showed that the opposition Progressive Conservative Party, led by Mr. Joe Clark, had drawn level with the Liberals.

Since then, support for the Conservatives has dwindled. The latest poll, published today in the Toronto Star, showed the Liberals with a six-point lead ever the Conservatives.

# Pay rise for NYC police

By David Lascelles

NEW YORK, July 5.

NEW YORK CITY officials reached tentative agreement last night with leaders of the policemen's union on a pay deal that would give officers an average rise of $3,400 over the next two years.

A complete contract that would avert the possibility of a policemen's strike has yet to be hammered out. Negotiators are still talking about working hours and mirpoved benefits.

The police talks are among the most crucial labour negotiations the city is holding with several groups of municipal employees.

# Guyana appeal for poll boycott

By Our Own Correspondent

GEORGETOWN, July 5.

A BROAD-BASED political grouping which includes the major parliamentary opposition has called for a total boycott of next Monday's referendum here on constitutional changes.

The grouping—the Committee in Defence of Democracy—said it was urging Guyanese to stay at home because of dissatisfaction with the preparations for the polling and the procedures governing the casting and counting of ballots.

The Committee's membership includes the Marxist opposition People's Progressive Party

## OVERSEAS NEWS

# Washington approves sale of Israeli-built fighters

BY DAVID BUCHAN

WASHINGTON, July 5.

THE CARTER Administration has given Israel the go-ahead to sell a number of its Kfir fighters, worth a reported $300m, to Taiwan. But informed sources said the U.S. has at the same time refused a direct Taiwanese request for U.S.-made Phantom aircraft on the grounds that this would upset the military balance in the area.

U.S. approval is needed because parts of the Kfir jet engines and avionics are made in the U.S. by General Electric. Last year the Carter Administration turned down a similar request from Israel to sell Kfirs to Ecuador, arguing that such aircraft would introduce a new element in the Latin American context.

State Department officials said that the proposed sale to Taiwan would be the first big foreign sale of the Kfir, and the necessary permission was conveyed in person to the Israeli Government by the Vice President, Mr. Walter Mondale last week.

The Kfir is roughly comparable with the F-5 aircraft that the U.S. has already sold to Taiwan, and according to Government sources here, does not go beyond the capability of the MiG range of aircraft that the People's Republic of China already possesses. By contrast, the F-4 Phantom is a fighter bomber, not just an interceptor, and any sale of these to Taiwan would, it is felt here, deeply disturb Peking.

Taiwan had put the Phantoms at the top of its current shopping list, and its interest in the Kfir may have more to do with high pressure Israeli salesmanship than anything else. Nevertheless the go-ahead for the Kfir sale was considered a helpful political gesture here towards Jerusalem at a time when the Administration is putting considerable pressure on the Israelis to start talking to Egypt again on a Middle East settlement.

# Salisbury welcomes Mugabe defections

SALISBURY, July 5.

THE REPORTED defection of 15 senior officials of Mr. Robert Mugabe's guerrilla movement was greeted with delight today by supporters of Rhodesia's transitional Government.

Government sources said they believed that if the 15 decided to return to Rhodesia it would be a political triumph for the coalition in its fight for international recognition against the opposition of the Patriotic Front of Mr. Mugabe and Mr. Joshua Nkomo.

Even if they chose not to come to Rhodesia the Government would be able to draw satisfaction from an evident split in the ranks of the guerrilla alliance. No official comment was immediately forthcoming from the Government or from black nationalist organisations in the Salisbury coalition.

The Zimbabwe African National Union of the Rev. Ndabaningi Sithole stands to make the most political capital out of the reported defections. Mr. Sithole, who describes himself as the father of the nationalist guerrilla forces, disputes Mr. Mugabe's claims to leadership of ZANU and its fighting arm, the Zimbabwe African National Liberation Army (ZANLA).

The reasons behind the defections were not clear, though reports said the 15 had been arguing within Mr. Mugabe's ZANU in favour of a closer alliance with the Zimbabwe African Peoples Union (ZAPU) of Mr. Nkomo.

Reuter

# Beirut fighting goes into fifth day

By Ihsan Hijazi

BEIRUT, July 5.

THE LEBANESE crisis is taking on larger and more dangerous dimensions as heavy fighting between Syrian troops of the Arab peace-keeping force and Christian militiamen here went into its fifth day. None of the five ceasefires declared so far has lasted more than a few hours.

The number of casualties since the clashes began on Saturday is now put at over 150 killed and more than 500 wounded.

The Christian quarters of the capital are now a shambles with millions of pounds worth of damage done to property. These areas were hammered by Syrian artillery and rockets at the rate of 10 shells a minute.

The Christians have fired back, and many of their shells have fallen on the predominantly Moslem west Beirut. As many as 17 people were killed by these shells.

While the Christian militias were reported to have capitalised on the brief lull in the fighting early yesterday to set up new guns on rooftops, the Syrians have brought reinforcements in large convoys into Beirut from Sidon.

The main guerrilla group, Fatah, took a decision yesterday not to get involved in the new fighting here. The position was adopted at a meeting in Damascus last night by Fatah's Executive Council under its leader Mr. Yassir Arafat.

# Cairo insists that settlements must go

CAIRO, July 5.

*THE FULL TEXT of the peace plan published by the Egyptian Foreign Ministry in English today under the heading "proposals relative to withdrawal from the West Bank and Gaza and security arrangements."*

1—The establishment of a just and lasting peace in the Middle East necessitates a just solution of the Palestinian question in all its aspects on the basis of the legitimate rights of the Palestinian people and taking into consideration the legitimate security concerns of all parties.

2—In order to ensure a peaceful and orderly transfer of authority there shall be a transitional period not exceeding five years at the end of which the Palestinian people will be able to determine their own future.

3—Talks shall take place between Egypt, Jordan, Israel, and representatives of the Palestinian people with participation of the UN with a view to agreeing upon:

A—Details of the transitional regime.

B—Timetable for the Israeli withdrawal.

C—Mutual security arrangements for all the parties concerned during and following the transitional period.

D—Modalities for the implementation of relevant UN resolutions on Palestinian refugees.

E—Other issues considered appropriate by all parties.

4—Israel shall withdraw from the West Bank (including Jerusalem) and the Gaza Strip, occupied since June, 1967. The Israeli withdrawal applies to the settlements established in the occupied territories.

5—The Israeli military Government in the West Bank and the Gaza Strip shall be abolished at the outset of the transitional period. Supervision over the administration of the West Bank shall become the responsibility of Jordan and supervision over the administration of the Gaza Strip shall become the responsibility of Egypt. Jordan and Egypt shall carry out their responsibility in co-operation with freely elected representatives of the Palestinian people who shall exercise direct authority over the administration of the West Bank and Gaza. The UN shall supervise and facilitate the Israeli withdrawal and the restoration of Arab authority.

6—Egypt and Jordan shall guarantee that the security arrangements to be agreed upon will continue to be respected in the West Bank and Gaza.

Reuter

# Saudi alert report denied

RIYADH, July 5

SAUDI ARABIA today denied a report in the Kuwaiti daily al-Siyassah that it has placed its armed forces on alert close to shared borders following recent developments in north and south Yemen.

The spokesman said the report, published by the daily newspaper al-Siyassah, was without any foundation.

Reuter

# New Pakistan cabinet named

By Simon Henderson

ISLAMABAD, July 5

PAKISTAN'S MILITARY ruler today appointed a new cabinet including politicians to replace a council of advisers with which he has been ruling since January. Like the previous council the cabinet includes generals, businessmen and technocrats. The politicians all come from the small right wing Muslim League Party which was previously closely associated with an earlier military ruler, President Ayub Khan in the 1960s.

General Zia had said he was going to appoint a cabinet after three months of talks with political parties failed to establish a national administration. The inclusion of the Muslim League took many people by surprise.

# Chinese edict on industrial development

THE CHINESE Communist Party's Central Committee has issued a draft decision on problems in speeding up the development of industry. It has been circulated to all province level party committees and party groups in ministries and commissions for implementation on a trial basis, Colina MacDougall writes.

The 30-point decision "is a powerful weapon for exposing and criticising the gang of four, and for dispelling chaos and restoring order," the announcement said. Reference to "chaos" suggests a great deal still remains to be done in reorganising industry which was seriously damaged in the power struggle in 1976.

It is a mark of the leadership's concern that the Central Committee, which hitherto has remained aloof from the nuts and bolts of the economy, has now been brought in to supervise the operation of local party committees in the industrial field.

The main points of the decision include, besides criticising "the gang of four," the fixing of criteria for improvements in industry, the division of responsibility between the technical staff and the party committee within the factory, more planning and specialisation, guidelines on the respective responsibilities of central and local authorities, and a series of directives on expanding energy sources, raw materials, agriculture, research, training and welfare. The main underlying purpose appears to be to improve efficiency at least in part by increasing central control.

At the same time, China's first Ministry of Machine-Building, which handles general civilian machinery, announced that it is reorganising its enterprises into integrated companies to increase specialisation and eliminate overlaps.

For example, Peking has organised 144 district machinery plants into nine machinery companies and 11 general plants according to lines of production and has put them under the leadership of the Municipal Machinery Department.

China experimented with this system in the early 1960s, but it was attacked as revisionist in the cultural revolution. The then Head of State, Liu Shao-chi, was severely blamed for favouring it although it is alleged today that he was one of those who tried to sabotage it.

# Updating the thoughts of Mao

BY COLINA MacDOUGALL

SOME DISARRAY in China is evident from the fact that Peking should celebrate the 57th anniversary of the foundation of the Chinese Communist Party on July 1 with the publication of a 16-year-old talk by Chairman Mao.

Evidently no one in today's leadership speaks with a sufficiently commanding voice to make the points Mao made without appealing to his higher authority. The implication both of Mao's speech and an editorial in the theoretical journal Red Flag that accompanied it is that some leading officials need to reform their attitudes. The People's Daily went further and said frankly in its anniversary article "followers of Lin Piao and the Gang of Four are still around and will come out to make trouble."

The talk, which had never been officially circulated in China before, showed Mao at his most flexible. He was addressing a gathering of 7,000 officials in January, 1962, who had reviewed the disastrous 1958 Great Leap movement in the economy, a movement which he himself had set in motion. Wisely, perhaps, he admitted his own responsibility and stressed the need for listening to the people's views, bringing them into the decision-making business and learning from experience. After a period of political and economic turmoil, he was pressing for unity.

The moral for the China of today is obvious. The emphasis on practical considerations is fully in accord with policy since Mao's death in 1976. Yet even if this sample of Mao's thinking was perfectly chosen as ideological justification for the doctrines of today, it still hints that all is not well within the leadership. Mao delivered the talk only months before he let loose the Socialist Education campaign, the precursor of the Cultural Revolution. When he spoke of the minority who sometimes turned out to be right, many China-watchers later believed he was referring to himself, the minority in an otherwise pragmatic leadership. One is left to guess at whether there is a similarly radical minority in today's pragmatic leadership.

Besides the obvious points, the pragmatists have made some more subtle ones through this publication of an old speech. It shows Mao at his most self-critical. This carries a dual message. The first is that everyone makes mistakes and therefore all officials should be ready to admit them. The second underlines the fact that as Mao said himself he was no economist, and hence policies which everyone knows were his as much as the Gang of Four's — excessive self-reliance, and decentralisation, for instance, can be safely abandoned.

A text of this talk was first published in the West years ago from a Red Guard version. Some of the more vivid phraseology—like Mao's comparison of arrogant officials with tigers whose backsides the people were afraid to touch—has become famous. Perhaps surprisingly, there are very few differences between the Red Guard and the official version. The critical comment on Yugoslavia "which has actively become a bourgeois country" has gone, as have the direct references to Liu Shao-chi, former Head of State who fell in the Cultural Revolution.

More significant, there is one interesting change of emphasis. In 1962, Mao said "from 1958 we decided to make self-reliance our major policy and striving for foreign aid a secondary aim." The 1978 version, however, has "beginning from 1958 we established a clear-cut policy of relying mainly on our own efforts while seeking foreign aid by way of support." The difference is small, yet the change justifies foreign equipment and even foreign loans, a notion which Peking has publicly accepted only in the last few days.

Interestingly enough, the People's Daily, which also published an anniversary article, seems to have used the occasion to begin to reassess the status of Liu Shao-chi. Liu was for years labelled "China's Khrushchev," but the newspaper last Friday applied the epithet to Lin Piao and the Gang of Four. Liu in fact pales into insignificance by comparison since Lin and the Gang were said to be 100 times worse than Khrushchev. In view of Mao's stress on the fact that all officials, himself included, make mistakes, Liu as an old colleague of Teng Hsiao-ping's could de due for some kind of rehabilitation.

Mao's comments in the talk on the problems of socialist construction seemed to carry another important message for 1978. His account of his discussions in 1960 with the U.S. journalist Edgar Snow led him to give his own views of Chinese development. "China has a large population, had little to start with and is economically backward, so that in my opinion it will be impossible for her to . . . catch up with and overtake the capitalist countries in less than 100 years." Is this a hint that the ambitious development plans which Chinese leaders outlined earlier this year might be unrealistic?

China has taken up some of the slack in the economy in the 22 months since Mao died, but new construction is only just beginning. The reiteration of Mao's views about China's long-term plans seemed to represent something more cautious than Chairman Hua's speech to the National People's Congress last March which spelled out China's forthcoming development.

Much of Mao's talk was devoted to criticising the work of leading officials, notably a top provincial man who was present. In the usual Chinese style he refrained from naming him, though everyone knew who he was. There is certainly relevance here to the present: there has been turmoil in the provincial leadership since Mao's death, and bitter campaigns against alleged supporters of the Gang are still going on. One could even see a parallel between Mao's hint to the provincial leaders and the recent warning on the front page of the People's Daily to the unnamed but obvious leading official in Shensi.

Tyrannical First Secretaries, Mao said, must reform. If they did not, they would lose their jobs, a warning both for 1962 and 1978. But there was to be no indiscriminate bloodletting: as in an earlier speech similarly delivered years ago and published since his death (the "Ten Great Relationships" in December 1976) Mao emphasised the theme of unity and rejected execution for political offenders unless absolutely necessary. This has been the constant policy of the present leadership, perhaps partly for the severely practical reason that just too many people were involved with the Gang of Four.

Mao's emphasis in this talk on practicalities instead of dogma and on the need to "seek truth from facts" is a theme which has been getting steadily more prominence recently. Peking has been trying to persuade officials throughout China that they have nothing to fear from showing initiative or even applying commonsense. The difficulty is that after years of arbitrary criticism from anyone who posed as a radical, most officials now prefer to take no decisions at all.

From the mid-sixties on, anyone who proposed work methods which could lead to greater efficiency or greater profit was in serious danger of attack as a "capitalist roader." It is some indication of the extreme hesitance of the Chinese people to believe that the pendulum will never swing violently Left again that the present leadership is having to issue the text of Mao's talk. Once the Chinese in general show confidence that their post-Mao leadership is free of dissensions and that its policies are here to stay, then foreigners can do the same.

## WORLD TRADE NEWS

# Trade pact unlikely before Bonn Summit—Strauss

BY JUREK MARTIN

WASHINGTON, July 5.

THERE IS "little chance, if any," of reaching a broad trade agreement in time for the Bonn economic Summit later this month, according to Mr. Robert Strauss, the U.S. Special Trade Representative.

At a White House Press briefing this morning, he said this was largely because there was still substantial disagreement over the question of access to foreign markets for U.S. agricultural products.

Mr. Strauss emphasised that considerable progress had been made in Geneva over the last few days on a wide variety of the outstanding issues, agriculture excepted.

But he doubted that the negotiating mandate possessed by Mr. Wilhelm Haferkamp, the EEC vice-president, was large enough to enable the Community to meet the "bottom line" America demands on agricultural access. He added that the same was true of Japan and might well be so in his own case as well.

The EEC, he said, needed to make more "political decisions," which may be seen as a clear hint in advance of the European Heads of State meeting in Bremen starting tomorrow.

The original goal had been to have at least the broad outlines of a new trade agreement ready for the Bonn Summit, thereby giving weight to its deliberations. The fine print would then be hammered out over the rest of the year before presentation to national legislatures early in 1979.

Mr. Strauss still thought this latter timetable was feasible even if conclusion of a general agreement on agriculture had to wait until after the European summer break in August.

He listed a number of agricultural items—citrus fruits, beef, poultry, table grapes, tobacco, almonds, rice and specialty foods—that were still outstanding. He also implied that the U.S. was still far from satisfied with the European position over subsidies to agricultural exports.

He warned that the U.S. Congress would never ratify a trade pact—and President Carter would never present it to Congress for approval—if the question of agricultural access were not satisfactorily resolved.

Mr. Strauss's own departure for Geneva for the climactic round of talks has also been postponed. He was due to leave Washington in the middle of this week but may not now go until the weekend, he said.

He was at pains to stress that perhaps 85 per cent of a new international trade regime had already been essentially agreed on. He foresaw no major difficulties in reaching final agreement on such issues as customs valuations, government procurement policies, standards, tariff reductions and even on a new subsidies code, although there were still "two or three questions" remaining on this.

Mr. Strauss also adamantly rejected demands made over the last week by textile and steel management and unions that their industries be exempted from the trade talks and given separate treatment.

# UK supplie[r] credits in foreign currencies

MR. EDMUND DELL, Brit[ish] Secretary of State for Tr[ade], announced yesterday tha[t the] Export Credits Guara[ntee] Department's foreign curr[ency] scheme has been extended [to] supplier credit. The new fac[ility] will be available for "nor[mal] contracts involving credit te[rms] of two years or more."

The contracts will "normal[ly] be expected to be worth at l[east] £1m and the foreign curr[ency] financing will be confined [to] US dollars or Deutsche Ma[rks]. The premium charged will b[e] the same rates as apply to s[imi]lar contracts financed in sterl[ing].

The new facility is intende[d to] help these capital goods [ex]porters who have tradition[ally] financed their exports on [a] supplier credit basis—part[icu]larly ship and aircraft m[anu]facturers—or any exporter [sell]ing to markets which prefer [the] financing to be undertaken [on a] supplier credit basis.

● ECGD has guaranteed [the] repayment and funding fo[r a] $27.5m loan which Lazard [is] a[rran]ging on its own behalf and [the] Commerzbank has made av[ail]able to Hemiska Indust[rija] Zorka of Yugoslavia. The l[oan] will help finance a cont[ract] awarded by Jugometal, [the] Yugoslav state buying agency [for] the metal industries, to H[.] Wrightson Machine Co., part [of] the Davy International Group [for] the design, supply of equipm[ent], supervision of erection and c[om]missioning of a tinplate com[plex] at Sabac near Belgrade.

The plant is designed to h[ave] a capacity to produce 150[,000] tonnes of tinplate a year and [is] due to be commissioned [in] September 1981.

# Soviet, W. German trade revives

BY DAVID SATTER

MOSCOW, July 5.

THE VALUE of Soviet-West German trade rose during the first quarter of this year presaging a recovery for Soviet-West German trade which last year declined for the first time since 1971.

The overall volume of trade increased 20 per cent reaching a value of DM 2.95bn with West German exports, overwhelmingly machines, pipe and plant equipment, increasing 6.5 per cent to a value of DM 1.67bn.

At the same time, West German purchases of Soviet goods, predominantly gas, petrol, and chemical products, increased 44 per cent to a value of DM1.28bn.

West German commercial sources believe the significant rise in West German exports and the major expansion of Soviet exports, which is in part due to deliveries of energy products under long-term compensation agreements, will characterise trade for the rest of the year.

Soviet-West German trade declined 1.4 per cent, last year to a value of DM 10.98bn compared with sizeable increases in Soviet-West German trade since 1971. This is attributed to Soviet attempts to hold down hard currency purchases in the light of the disappointing 1977 grain harvest.

The need to import machinery to realise industrial output targets as the Soviet economy nears the halfway point of the 1976-80 five year plan, however, affected Soviet-West German trade so far this year. It also resulted in a sizeable first quarter Soviet hard currency debt.

Comprehensive trade figures recently released by the Soviet authorities showed a three month deficit of Roubles 1.1bn (£860m), only a slight improvement on the debt built up during the difficult first quarter of 1977 when the Soviet deficit with the West stood at Roubles 1.19bn (£937.6m).

In 1977, the Soviet debt with the West was reduced during the last six months of the year when the Soviets posted a small surplus in trade with the West.

# Extension of contracts for Canadian arm[s]

By Victor Mackie

OTTAWA, July 4

THE GOVERNMENT of Can[ada] is giving the five compan[ies] competing for a $2.3bn n[ew] fighter aircraft contract ad[di]tional time to make n[ew] submissions.

Mr. Barney Danson, [the] Defence Minister, has announ[ced] that new submissions will [be] accepted in July and the Gover[n]ment will study them and elimi[n]ate some of the contenders [in] August.

The six contending aircraft f[or] the contract are the Grumma[n] F-14, the McDonnell-Dougla[s] F-15, the General Dynamics F-16, the McDonnell-Douglas an[d] Northrop versions of the F[-18] and the Panavia Tornado, [a] product of the British-We[st] German-Italian consortium.

Earlier, the Government ha[d] said it would close the bids i[n] June and make a decision i[n] July. However, Mr. Danson n[oted] some of the companies had se[nt] unsolicited submissions. He sa[id] the Government had decided [to] delay its final decision unt[il] other companies had had th[e] same opportunity.

# China to buy steel from India

BY K. K. SHARMA

NEW DELHI, July 5.

CHINA HAS indicated that it considers India to be its principal source for steel tubes and pipes and wants direct contracts for orders. So far, Indian tubes and pipes have been imported by China in substantial quantities, but through companies in West Germany and other European countries which have used Indian subcontractors.

Small orders for steel tubes and pipes were placed with an Indian delegation which has just returned from the Canton Trade Fair. These are expected substantially to help China's large industrialisation and construction plans.

The delegation represented the Association of the Indian Engineering Industry and its leader, Mr. T. D. Sinha, identified steel pipes and tubes, wire ropes and pre-stressed concrete wires as the three export items for which there were "good prospects."

Mr. Sinha says the Chinese showed interest in Indian engineering items like oilfield and exploration drilling machinery, mining equipment, packaging equipment, transport equipment and material handling equipment. A list of items that India can export to China was handed over to the authorities at the Canton Fair.

The delegation has come back with the impression that China wants to increase trade with India substantially now that it has been resumed in a small way after a gap of 15 years. After the 1962 border war between India and China, trade ceased.

In its report, the association's delegation has recommended that India should organise a separate sales and export promotion drive aimed solely at China. As a first step, India should be represented regularly at the Canton Fairs and as many Chinese delegations as possible should be invited to India.

Trade with China is expected to pick up substantially after the Indian foreign minister, Mr. Atal Behari Vajpayee, visits Peking towards the end of September or early October. He has accepted an invitation from his Chinese counterpart and the visit is expected to be a major breakthrough in relations between the two countries.

# S. Africa motor merger agreed

BY BERNARD SIMON

JOHANNESBURG, July 5.

SOUTH AFRICA'S biggest motor vehicle manufacturing group has been formed with the announcement that Sigma Motor Corporation, whose shareholders are Anglo American Corporation and Chrysler, is to take over the manufacture and distribution in South Africa of Peugeot vehicles.

The deal has again raised the question of the future of Leyland South Africa, which was known to be negotiating with Sigma in recent months and had been widely tipped as the most likely candidate for a joint venture with Sigma. It is believed, however, that the Sigma-Leyland talks have not been called off, and that there may be room for Leyland in the Sigma-Peugeot stable.

Sources close to Sigma say agreement with Leyland has already been reached on certain points.

The takeover involves gross assets of R30m and will bring Sigma's motor manufacturing assets to over R130m. Mr. Chris Griffiths, the chairman of Sigma, said yesterday that the deal with Peugeot-Citroen "is in line with Sigma's stated policy of rationalising in one South African company the manufacture of high-quality motor vehicles backed by the resources of Anglo American and built with the technology of leading motor companies throughout the world." Sigma currently markets Mazda, Chrysler and Dodge vehicles.

In May, 1978, Sigma sold 2,526 passenger cars, and Peugeot 1,608 units (out of a total of 17,718), placing them third and fifth respectively in the passenger vehicle market. Combined Sigma and Peugeot sales in the first five months of this year would place the new Sigma in the number one position in both passenger and total vehicle markets.

The present market leader is Ford, but since Sigma's formation in 1976, the latter has become recognised as one of South Africa's most aggressive motor companies. Last year for instance, sales of the popular Mazda 323 model boosted Sigma's market share from 7 per cent of the total to 14 per cent.

# Protest over Austrian tax

SALZBURG, July 5.

LORRY DRIVERS blocking [a] Austrian border crossing point in protest at new road taxe[s] threatened to extend their actio[n] today to inside the country.

Traffic on motorways linkin[g] Austria to West Germany an[d] Italy was paralysed yesterday b[y] over 800 lorries straddling th[e] roads, and drivers said the[y] would next try to block majo[r] internal routes to step up pres[]sure on the Austrian Govern[]ment to drop the new levies.

Crossings into Czechoslovaki[a] and Hungary were also hit by the blockades and police yester[]day led holidaymakers' cars i[n] convoy across fields to by-pas[s] the choked highways. Reuter

## OIL EXPLORATION

# Offshore challenge for UK in Brazil

BY DIANA SMITH IN RIO DE JANEIRO

BRAZIL'S DRIVE to speed up offshore oil discovery and production in areas it has reserved for itself, or those opened to risk contracts, has attracted one of the world's most high-powered, tightly-organised and well-financed group or suppliers—offshore equipment manufacturers.

The opportunities are considerable: 17 risk contracts have been signed since 1976 for areas in the Amazon mouth or Santos Basin off the south coast.

This is encouraging considering that Brazil's oil is a State monopoly and foreign companies who may discover offshore oil will not have exploration rights. Moreover, the element of geological, financial and even political risk is high, and the conditions of the risk contracts are considered rigid.

Nevertheless, BP (whose first probe in the Santos basin showed only non-commercial traces), Elf - Aquitaine/AGIP (whose first well in the Amazon mouth was dry), Shell (which had major problems with rip tides and crumbling subsoil until it took expert advice from Petrobras, the state oil conglomerate) and Exxon have already begun probes.

Hispanoil and Cities Texas are also committed to risk areas and within the next month, Petrobras is expected to offer new risk areas. However, the advent of foreign oil companies drilling over a three-year period and, with luck, finding oil in the northern or southern Continental shelf is only part of the story.

Petrobras's own 1978-81 programme calls for a further 110 wells in the Campos Basin off the Rio de Janeiro State coast (over 50 probes, several with commercial shows have already been drilled), and over 100 other offshore and onshore wells, requiring outlays of over $1bn.

It cannot be said that Petrobras lacks proper technology or that there is not the will among Brazilian industrialists to manufacture offshore production equipment, however new a departure this is for them—but there are problems of time, funds and up-to-date technology for manufacturers.

Inevitably, therefore, Brazil was an attractive choice for the recent offshore equipment trade fair—the first to be held in Latin America—Offshore Brazil 78.

The exhibition, accompanied by daily technical lectures by Brazilian and foreign experts, was supposed to attract visitors not only from Brazil but from all Latin America. It succeeded in the former but not in the latter, because, as several observers suggested, both Latin American rivalry and great travelling distances did not make Brazil a magnet for prospective Venezuelan-Chilean or Argentine buyers of European, U.S. or Japanese equipment.

Nevertheless, in a flurry of throughly-organised, high power, high pressure salesmanship (a new scenario for Brazilians often resigned to diffident contacts), Britain's contingent, outnumbering Norwegian, U.S., Dutch and other competitors, not only showed its wares it received the only firm contracts of the four-day fair.

It is fair to say that British offshore equipment suppliers, backed by ABOI (Association of British Oceanic Industries) and BMEC (British Marine Equipment Council) have been steadily and energetically building up contacts with Petrobras in recent years.

There is a logical connection—Britain's North Sea experience in deep and difficult waters (although Brazil's conditions are less problematic than those of the North Sea) plus its willingness to share basic production technology with prospective Brazilian manufacturing partners (but not the most sophisticated engineering technology—something Brazil would dearly love to acquire).

The variety of offshore goods and services Britain is tendering is almost exhaustive: Sedgwick Forbes, through its Brazilian associate, Porto Nazare, is already covering BP, Shell and Elf-Agip's risk contracts. Lloyds and the Midland banks brandished offers of credits. Ocean Inchcape secured support operation contracts with BP and Pennzoil for their Santos basin operations during Offshore 78.

Matthew Hall Engineering and Halcrow Ewbank, on the same occasion, formed consultancy specialists aimed at selling project management and engineering to Petrobras.

Simultaneously, Dr. Dickson Mabon, Minister of State at the Department of Energy, had talks not only with Petrobras but also with the State electricity and nuclear agencies, Eletrobras and Nuclebras, promoting British interests.

Everything was on display, from gas turbines (Ruston), heat permutators (APV), steel bars (Round Oak), Calibres (Coventry Gauge) to instant homes (British Aluminium). The only area in which the British contingent admitted it had shortcomings was in pipelines.

With all the variety of equipment, requiring up-to-date technology in many cases on the British and other Offshore Brazil stands, Brazilian manufacturers could not conceal their nervousness at the prospect of a mass foreign invasion either in direct sales or joint ventures.

Local manufacturers have received orders from Petrobras for platforms—but local costs are high, and expertise is still in the pioneering stages. All the Brazilians can hope for is that Petrobras keeps its word to give them some share of increasingly rich pickings.

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*Full details to Box G.2200, Financial Times, 10, Cannon Street, EC4P 4BY.*

HOME NEWS

# Ford car dealers achieve highest turnover

By Terry Dodsworth, Motor Industry Correspondent

FORD car dealers achieved a far higher turnover of vehicles at each individual outlet than any other sales network in the UK last year.

According to a survey by the Sewell research organisation, Ford had 302 sales per outlet last year against 234 by Datsun, the top importer, and 221 by Vauxhall. BL Cars came seventh in the table with 143 sales per dealer, behind four importing organisations — Datsun, Fiat, Renault and Volkswagen.

The survey detects a relationship between the rising number of imported car sales and the expansion of the importers' dealer networks. By January 1, when importers' sales had risen close to the 50 per cent mark, dealers handling imported marques had grown to 48 per cent compared with 42 per cent only two years before.

A significant number of these dealers have switched from BL, the former British Leyland, which has been rationalising its network. BL has reduced its outlets in the past two years by 693 sites, compared with an overall reduction by the UK car companies of 943 dealerships.

BL Cars now has 2,250 outlets, but sales through each of these units have gone up only modestly from 117 to 143 a year.

## More dealers

In contrast, Ford has increased both its number of outlets and sales per outlet. Its network has gone up from 1,203 in 1976 to 1,260, while cars sold through each of these dealers have increased from 262 four years ago to 302 last year.

On the commercial vehicle side Leyland Vehicles, the BL subsidiary, has also reduced its representation.

By contrast, the importers, which expanded their sales from 15 to 22 per cent of the market in the last year, have increased their networks significantly. Fiat's is up by 32 per cent compared with 1976, Magirus Deutz by 8 per cent, Mercedes-Benz by 19 per cent, and Scania by 14 per cent.

In petrol outlets there has been a 22 per cent reduction in the last seven years, with numbers dropping from 37,501 in 1970 to 29,347 in 1977.

● BL Cars has failed so far to pull out of the sales slump which followed its successful Superdeal campaign in March. According to unofficial figures it took only a little under 18 per cent of the UK market last month, compared with 16.6 per cent in April and 22 per cent in May.

Ford once again captured the market leader position with almost 30 per cent of sales.

# Co-op to spend £11m on Scottish base

BY JOHN LLOYD

THE Co-operative Wholesale Society is to invest £11m over the next three years in building up its manufacturing base in Scotland.

The society plans to rebuild its 23-acre Shieldhall industrial complex near Glasgow. Central to the development will be a £7m soft drinks factory with an annual output worth about £8m serving Scotland and the north of England.

The complex will contain plants for the manufacture of upholstery, industrial clothing, stationery and packaging materials.

The development will be accompanied by a rationalisation of labour and production. A number of the 690 workers employed will be made redundant and the manufacture of jam and other products now made at Shieldhall probably will be moved to England.

However, Sir Arthur Sugden, chief executive, said yesterday that by 1981 he hoped there would be 750 jobs.

The Union of Shop, Distributive and Allied Workers said that the society had suggested voluntary redundancy and early retirement for a number of workers. Agreement along these lines was likely.

The announcement comes after news last week that the society would spend more than £8m on retail developments in Glasgow over the next few years as part of a £20m shop programme in Scotland.

Sir Arthur added that the Scottish division of the society was aiming to double its £79m turnover in Scotland in five years. The society was well on target to achieve the present year's share of that figure.

Details of the funding of the £11m investment were not given. But Sir Arthur said that the bulk of the money would come from the society's resources. The society would be eligible for about £2m in regional aid grants.

There are about 350 Co-op retail shops in Scotland with a further 61 local Co-op retail chains—most with a number of outlets.

# Scotland's lack of jobs 'could lead to violence'

By John Lloyd

A WARNING that civil violence would result unless something was done quickly to tackle the "massive and structural unemployment" in Scotland was issued yesterday by Mr. Alan Devereux, president of the Scottish Council of the Confederation of British Industry.

Mr. Devereux, speaking in Glasgow after receiving the Scottish "Free Enterprise Award" from Aims, the free enterprise organisation, said that unemployment in Scotland was running at 187,000. This was 7.6 per cent of the workforce—30 per cent higher than the average UK unemployment rate.

"Stripping away the cosmetics of temporary employment subsidy (30,000), job creation programmes (13,000), the youth opportunities programme and the small firms employment subsidy (6,000), the real number of commercially unemployed rises to 244,000—more than one in ten Scots—and there is worse to come."

The shorter working week proposed as an antidote was "naive rubbish." A 35-hour week would increase labour costs by 8½ per cent. Cutting the 40-hour week by two hours would increase labour costs by 3 per cent and reduce UK employment by more than 98,000 jobs.

"More competitiveness, on the other hand, could dramatically uplift our fortunes. A one per cent increase in our share of world export markets would create 400,000 jobs in the UK and about 60,000 in Scotland alone."

## Initiatives

A number of initiatives should be taken:

1—The Government must not remove incentives such as the regional employment premium nor should it increase rating valuations or national health insurance surcharges.

2—There should be higher incentives for skilled workers.

3—Inflation should be controlled through tight monetary restraint. The next round of wage settlements should be lower than the last.

4—Management must reduce manning levels and get productivity up.

"I believe that the trade unions are prepared to be partners in this exercise but time is running out," he said.

"In our greed and folly we have let inflation bring us to the verge of monetary collapse and we may well have created conditions of massive and structural unemployment which unless we act quickly could end in civil violence."

● The Glasgow Chamber of Commerce said yesterday that it would set up a committee to monitor the incidence of absenteeism among its member companies after a number of complaints.

# British Rail world high-speed trains runner-up

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITISH RAIL has been placed second in a world league of high speed train operators published today in the latest edition of Jane's World Railways.

But there is a warning that if the Government failed to pay for large-scale electrification now, by the year 2000 Britain might be unable to afford to run its railways.

Mr. Paul Goldsack, editor, puts British Rail behind Japan and its Shinkansen bullet train. This covers the 108 miles between Nagoya and Shizuoka in 59 minutes at an average speed of 103.7 miles an hour.

British Rail has four trains which cover the 41 miles from Swindon to Reading in 24 minutes at 103.2 miles an hour.

The performance has put British Rail well ahead of high-speed travel in France, Germany, the U.S. and Russia.

These and other railways are pushing ahead with large-scale electrification but British Rail has only one project under way —a suburban scheme between London and Bradford.

The book says that Britain can no longer afford to delay further electrification for much longer. A joint British Rail and Department of Transport working party is examining a programme of large-scale electrification. Both parties support the concept of further electrification.

*Jane's World Railways and Rapid Transit Systems; Jane's Yearbooks, £29.50.*

# Acts 'let tenant exploit landlord'

By Our Building Correspondent

THE RENT Acts represen[t a] licence for the unscrupul[ous] tenant to exploit, extort [and] harass the defenceless landl[ord,] claims the Small Landlo[rds] Association.

The association called yes[ter]day on the Government to m[ake] known the results of its rev[iew] of the Acts which was promi[sed] for the end of last year.

The landlords say that [the] Acts and uncertainty over th[eir] future has resulted in an e[ver] dwindling supply of property [to] let, with a growing proport[ion] of it in the hands of the wr[ong] type of landlord.

## 'A licence'

They call for a "fair [rent] guaranteed policy under wh[ich] there would be minimum peri[ods] of notice but no security [of] tenure for new lets, a phas[ing] out of security of ten[ure] bestowed on tenants of furnis[hed] accommodation by the 1974 [Act] and a reappraisal of the secu[rity] of tenure for tenants of furnished accommodation.

"Private landlords do not d[eny] that a few tenants [are] exploitation and harassment [at] the hands of the landlords.

"But now the Rent Acts [are] a licence for every tenant [to] exploit his landlord. The res[ult] is a significant and unneces[sary] decline in the supply of priv[ate] rented accommodation."

# Princess marks end of £32m Cammell Laird modernisation

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

PRINCESS ANNE opened a ship construction hall at Cammell Laird Shipbuilders yesterday and officially marked the end of a six-year modernisation programme that has cost £32m.

The Birkenhead yard has been transformed into one of the most modern in the country. But the change comes when market conditions are so bad that the yard has no merchant vessels to construct in its new, twin-bay "ship factory."

A partial stop-gap is Cammell Laird's involvement with the Navy as a builder of Type 42 destroyers. It was a vessel of that class, the Liverpool, whose keel Princess Anne laid in the hall.

Mr. Tony Smith, the company's managing director, emphasised that in spite of the world shipbuilding crisis, Cammell Laird has the opportunity to shed its reputation for industrial disruption and unreliable delivery.

Certainly memories of the six years of reconstruction will not be cherished in Birkenhead. The civil engineering work is two years late, mainly because of a change in contractor early in the project, which led to building worker pickets shutting down the yard and disrupting shipbuilding.

That, with the yard's poor industrial relations record, has meant that since 1972 Cammell Laird has not delivered a ship on time.

## Prospering

It has also been a period of heavy losses for the yard, with one important contract cancelled in mid-life and further penalties accruing from delivering late during rapid inflation.

Cammell Laird remains one of British Shipbuilders' biggest financial headaches and contributed significantly to the £45m loss the nationalised concern is unofficially estimated to have made in its first nine months' trading.

The yard's facilities, however, are now as good as any in Britain and Mr. Smith believes that, given a continuation of the substantial improvement in labour relations in the past nine months, Cammell Laird is capable of surviving and ultimately prospering.

The 145 metres by 107 metres construction hall has space for building two medium-sized vessels side by side and was designed with the company's standard designs of product tankers and fast freighters in mind.

Modernisation has involved extensive re-tooling and reconstruction in other departments.

But unless more work can be found quickly, redundancies among the 5,100 workforce will become inevitable this year. The yard is nearing the end of multi-ship orders for King Line and the Vlasov Group, as well as the Type 42 series.

There have been a few redundancies this year, and alongside Cammell Laird, the privately owned Western Shiprepairers is closing down with the loss of 800 jobs.

# Plan to help companies fight drink problems

FINANCIAL TIMES REPORTER

MARKETING started yesterday of new publicity material to help companies fight drink problems at work.

The package includes a 28-minute film, For Your Own Sake, and training cassettes, briefing papers, and guides to drink problems. It has been devised by two Government-backed agencies, the Alcohol Education Centre and the Scottish Health Education Unit, and costs £370. The film alone can be rented for £30.

Mr. Marcus Grant, director of the Centre, said yesterday: "Around half a million people in the UK have a serious drink problem, and the weekly cost to industry may be £10m. Yet the traditional response from industry has been apathy and neglect."

# Insulation 'must be improved'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

AN EARLY improvement in insulation standards for Britain's housing is called for in a report published yesterday by Eurisol-UK, the Association of British Manufacturers of Mineral Insulating Fibres.

Better insulation in new houses will lead to "massive" energy savings and should be considered as a "fifth indigenous fuel" after coal, gas, electricity and oil, says the report.

Fuel costs would at least double by the year 2000 and steps should be taken immediately to raise insulation standards as far as possible to those that would be required by 2000.

The architectural profession and the construction industry would require time to adapt to the proposed changes, but notice should be given now that in seven years new insulation standards would be introduced.

In this way, there would be sufficient time to allow all disciplines within the construction sector to plan positively for the date on which raised standards become the statutory minimum.

Insulation standards for new domestic dwellings were last reivewed in 1975. The report proposals could save the nation more than £70m a year.

Housing now accounted for 25 per cent of net energy consumption in the UK, with over 60 per cent of this proportion going on space heating alone.

*"Thermal Insulation of New Housing—A case for Higher Standards" Eurisol—UK, 64, Wilton Road, London, SW1V 1DE.*

# Report seeks strategic role for Greater London Council

BY DAVID CHURCHILL

THE Greater London Council should develop its role as a strategic authority setting broad objectives and policies for the capital and achieving them through the overall control of resources. This was the main conclusion of an inquiry on Greater London carried out by Sir Frank Marshall, a former leader of Leeds City Council, at the request of the Conservative-controlled GLC.

The inquiry's report, published yesterday, recommends that the GLC should take over certain functions from Whitehall, while at the same time handing some of its day-to-day tasks to the town halls. It stresses the need for the GLC and the London boroughs to work together in partnership instead of in an atmosphere of wasteful rivalry and competition.

Sir Frank refers to the "general feeling of disquiet about the way the GLC functions." Lack of confidence in the GLC "can be traced to its own sense of uncertainty about its proper role—it seems to have lost direction, so the argument goes" he says.

## Difficulties

"I have interpreted my task as being to establish or re-establish that sense of direction."

The report also points to the present relationship between the GLC and London Boroughs as a cause of the capital's difficulties. There were strong boroughs, each acting in its own interests and reluctant to subscribe to a London-wide view.

London was no longer booming, but in fear of decline. "The GLC, having searched for a role, has assumed that of strategic authority without the approval of the boroughs and for the most part without the powers to implement it."

Consequently, there should be a new framework for London to improve public services for its population.

**Planning:** Responsibilities for planning in London should be clarified and streamlined. The GLC's concern should be with broad matters of strategic

SIR FRANK MARSHALL

*Plan for a better London*

Metropolitan importance: setting clear guidelines within which the boroughs should act, such as local plans and development control. Bringing the whole of Heathrow Airport within the boundaries of Greater London should be considered.

**Roads:** The GLC should have overall responsibility for London's roads. It should also define the key network which meets Metropolitan needs, while the Boroughs should take full responsibility for all other roads.

**Public transport:** The GLC should assume oversight of the complete public transport network in London, setting fare policies, approving investment plans and co-ordinating services and associated facilities.

**Docklands:** The docklands joint committee should be abolished. The GLC would assume the sole planning function for the area, giving it the means to direct the implementation of the Docklands strategy.

**Industry and employment:** The GLC should take a positive role in promoting industrial development and the creation of jobs. It should have powers both [to] advertise and to give gran[ts]. Industrial development cert[ifi]cates and office developme[nt] permits should be abolishe[d]. Able and experienced busine[ss] men should be co-opted on committees for promoting [in]dustry.

**Housing:** The GLC should contr[ol] the allocation of all capi[tal] funds for the provision and i[m]provement of London's housin[g]. It would foot the bill and recove[r] the costs through its Londo[n]-wide rate precept. Managemen[t] would be a borough respons[i]bility, but a single waiting li[st] could be maintained on a GL[C] computer.

**Education:** Inner London shoul[d] continue to have a single educa[tion] service, but this should b[e] the sole responsibility of th[e] inner London Boroughs throug[h] a statutory joint committee.

**Fire Brigade:** This should con[tinue] to be under GLC contro[l].

## Social problems

**Social Services:** These should re[main] fundamentally a Boroug[h] responsibility, but the Metro[politan] aspect of many critica[l] social problems should be recog[nised]. The GLC should take u[p] an information and intelligence role.

**Health services:** The GLC shoul[d] eventually become the Regiona[l] Health Authority for London and the boroughs should contro[l] the district management teams. Area Health Authorities shoul[d] be abolished.

**Police:** Those sections of th[e] Metropolitan Police whic[h] operate on a national basi[s] should be detached from thos[e] which provide services for London. Closer links should be established between the latter and the GLC through a Police Committee.

**Organisation:** The report points out the advantage in the GLC moving away altogether from the traditional concept of functional committees served by departments towards the idea of a central decision-making body served by directorates.

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# Thinking on competition challenged

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE National Economic Development Office delivered an unfashionable counterblast yesterday to the prevailing theory that competition policy should be tightened. It took issue with the harder line on mergers proposed in the Government's Green Paper on competition policy and queried the assumptions on which these proposals were made.

It also suggested that, far from making it more difficult for companies to make agreements among themselves, as favoured by some in the Office of Fair Trading, restrictive practice legislation should be amended to allow closer co-operation between companies over certain matters.

Its counterblast came in a report on competition policy which highlighted the uneasy relationship between the Government's wish to strengthen the rules on competition and its industrial strategy. The report says at Nedo's own experience suggests that the stance on competition policy occasionally inhibits the kind of co-operative action that the industrial strategy seeks to achieve.

The report puts far more emphasis on the need to enable companies to co-operate among themselves than is favoured by those who regard the greater, relative concentration of British industry as one of the reasons for its failure to compete effectively abroad.

Whereas the Government's committee on competition policy was obviously impressed by all the research showing that many mergers had not fulfilled the objectives laid down at the time of the deal, Nedo queries the need to revise competition policy from avery different point of view.

"The increasing awareness of economies of scale of various kinds, the progressive exposure of the UK to international competition, the development of substantial structural unemployment and surplus capacity, and the weaker prospective growth of demand, open the question whether competition policy needs now to be revised."

The report draws attention to what it sees as the "dynamic effects" of mergers. Those companies which merged frequently tended to invest more than those that did not and there were also possibilities for increasing efficiency through acquisitions. "If the industrial strategy puts weight on investment as a vehicle for expansion and improvement in competitiveness, effects like this are important," the report says.

Given this different perspective, it is not surprising that Nedo takes issue with the harder line on mergers proposed in the Government's Green Paper. It says that the evidence is not strong enough to state that mergers are either commendable or deplorable. Mergers could only be judged on a case-by-case basis as was done under the present procedure. It was difficult to see how the system could be radically improved.

While acknowledging that there is probably somescope for increasing the number of mergers examined, Nedo argues that the Green Paper goes too far in altering the existing presumptions behind merger policy.

The Government's committee claimed that the approach it favoured would reflect a change from a favourable presumption towards mergers to an essentially neutral one.

But Nedo argues that, what the committee proposed is a move away from the present genuinely neutral position on monopolies to one where there is a prior presumption of conflict with the public interest but where the companies involved can argue that the benefits of the deal outweigh the presumed detriments.

As a second stage of its review of competition policy the Government's committee is now looking at the restrictive practice legislation. Among the things it is considering is how to reconcile the general prohibition on companies colluding with each other and the industrial strategy.

In its report Nedo calls for a clarification of the "gateways" in the restrictive practice legislation which allows certain closely-defined types of co-operative agreement, certified by the Secretary of State as being in the national interest, to be exempted from the normal legal procedure.

At present, companies were inhibited by fear of long and costly litigation from formulating agreements, even those which appeared to be in line with the industrial strategy's objectives.

## Small businesses

A degree of closer co-operative action between competitors might, for example, help some sectors of British industry at a time of recession, by avoiding cut-throat competition and wasteful collapse and permitting efficient use of competition.

Even though it would involve a reduction in arms-length competition, Nedo says there is a case for defining desirable areas of co-operation for small businesses, and allowing such concerns block exemption from the requirements to register such agreements with the Restrictive Practices Court.

The need for greater co-operation among small businesses was recognised by the Government, as evidenced by the Small Firms Division of the Department of Industry. Its efforts, however, fitted "a little uneasily into a system of scrutiny which may tend to deter such co-operation."

# Oil exploration rule changed to attract independent concerns

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT has amended its offshore oil licensing arrangements in a move which could encourage independent exploration companies.

Changes in petroleum production regulations announced yesterday by Dr. Dickson Mabon, Minister of State for Energy, include the clarification of rules governing the appointment of operating companies offshore.

*The Government has emphasised that the operator for the exploration phase on a licence block may not necessarily be identified as the operator for the field development stage.*

In essence, the *rules may* encourage smaller independent companies to bid for new licences, under the sixth round allocation now being considered by the Government.

The Energy Department may allow *these smaller groups* to be operators during the exploration phase of the new licences on condition that they hand over to more experienced companies —possibly British National Oil Corporation—should a field be discovered.

Other innovations include a higher application fee for offshore licences—up £250 to £1,250 —and changes in financial details to be furnished by applicants for licences.

The Energy Department is still considering the offshore industry's answer to the draft conditions for the sixth round of licences.

The UK Offshore Operators Association has complained about many new features contained in the Government's recently published consultative document.

While the Energy Department is expected to accept *some minor* amendments it will probably insist on the oil industry accepting a greater State participation.

In particular, it wants the oil corporation to be operator in a number of the new blocks and to have more than a 51 per cent stake in at least a proportion of the licences. Oil companies may *also be asked to pay for at least* some of the corporation's exploration expenses.

*It is thought that the Govern*ment is hoping to announce details of the conditions, together with the location of the offered blocks within the next month, in order to receive a response from the industry later this year.

# Air Wales proposes to expand network

BY ROBIN REEVES

AIR WALES, the new Cardiff-based airline, has applied to the Civil Aviation Authority to expand its network by running scheduled services to Edinburgh, Humberside and Guernsey.

*The applications* cover the introducion of services from Swansea and Chester, as well as Cardiff, *and where appropriate* would include an optional stop at Birmingham.

The proposed *expansion comes* in the wake of a promising start in Air Wales's twice-daily service to Brussels.

Nearly 1,000 passengers have used this Cardiff-Brussels service since it started in early May and the airline has achieved a 97 per cent punctuality performance, in *other words within 15 minutes of* the scheduled time.

Because of this success, Air Wales, *part of the DK Aviation* group which is backed by Cosalt, the publicly-quoted ships' *chandlers and industrial group,* has decided to add a Sunday evening service to Brussels to next winter's schedule.

# Inquiry urged into adult entrants to university

AN INQUIRY into ways of encouraging an increased intake *of older people into university* and polytechnic courses was urged by the Trades Union Congress and the Confederation of British Industry yesterday.

The study, said that its joint memorandum to the National Economic Development Council meeting in London "should include the extent to which preparatory courses for such entrants have been found to be necessary and the degree of success which has been achieved in mounting such courses.

"From this base, more work *could be done, with the support* of professional bodies, to examine how part-time routes to *professional qualifications could* be better provided."

The memorandum also gave tentative support to the Engineering Industry Training Board's proposal for a radical *reform* of the craft apprenticeship system.

Under the Board plan, youngsters could start the first stages of training in the schools, possibly at the age of 14 and emerge with full craft status and pay when they reached 18.

The TUC and CBI said that, although the proposal is primarily a matter *for study* by the unions and employers directly involved, "we wish to commend *this initiative and to recommend* that it should be given serious and constructive consideration by *all concerned."*

# Enterprise Board takes 20% stake in Logica

FINANCIAL TIMES REPORTER

A PROPOSAL by the National Enterprise Board to take a 20 to 30 per cent stake in Logica, the computer software company, was announced yesterday.

The move is likely to be a preliminary to bringing Logica *into close co-operation with* Insac, the Enterprise Board's recently established subsidiary *for marketing software overseas.*

So far, four software (computer programing) companies have agreed to co-operate with Insac. They are represented on Insac's Board, while the Enterprise Board has taken minority stakes in their equity.

For some time Insac has been trying to persuade Logica to join the group. Now although no formal agreement has been reached, Logica says that it is "considering areas of co-operation with Insac."

# Steel chiefs divided on price rise call

BY ROY HODSON

SOME MEMBER companies of *the National Association of* Steel Stockholders are trying to raise the prices of steel *products to industrial cus*tomers over and above recent British Steel Corporation increases.

They are attempting to force up the agreed mark-up charged *by members* on some of the British Steel products they handle.

An increase of at least 2 per cent is favoured by some companies on the present mark-up of 15 per cent.

But the association is divided on the issue and attempts are *being made to consult all* members before fixing a new figure or agreeing to hold the mark-up at present levels.

So far only general steel *products are involved.* Members of the association dealing in British Steel strip mill products have already decided to hold the mark-up at the present level of under 15 per cent.

## Unnecessary

Home-produced strip mill products are having to fight hard for a share in the market against competition from imports—mostly from Europe—and the situation has been aggravated by the recent strike at Llanwern strip mill in South Wales.

*The Institute of Purchasing* and Supply said last night that, considering the profits being made by most steel stockholders, it would be impossible to persuade buyers that an increased mark-up was necessary on any British Steel products handled by them.

A number of British Steel products are already being priced higher than the prices recommended by the EEC as part of the Davignon Plan for steel. That is because British Steel still enjoys a market in general steels which is insulated to some extent from the wider European market.

"The fact that British Steel will have a considerable range of *products priced higher than* the Community level seems to be unfair to British industry *which is expected to buy steel* from national sources," said the Institute of Purchasing and Supply.

# Production standards for cars next month

*By Terry Dodsworth*

NEW REGULATIONS controlling standards of manufacture for cars sold in Britain come into operation at the beginning of next month.

They are designed to bring British standards into line with EEC proposals and mean that manufacturers will have to satisfy the Department of Transport that individual components *such as seat belts, glass and ex*haust systems, meet certain safety and environmental requirements.

New cars in dealers' showrooms which have not been "*type approved*" cannot be registered on or after August 1.

The development of international *EEC standards will lead* eventually to a system under which vehicles totally type *approved in one country* can be sold in any other Community state.

*This is expected to liberalise* the flow of trade, since at present vehicles are often subjected to *individual national tests.*

It is expected that it will take about two more years to estab*lish an all-embracing European* system.

# 'Long-dated gilts may benefit'

By Our Economics Correspondent

CONDITIONS IN the money market are likely to be tight during the next month as banks re-arrange their assets and liabilities to comply with *the* re-imposition of the so-called corsets control and as heavy *seasonal tax payments drain* funds from the market, says Phillips and Drew.

The stockbrokers *also say in a* circular on the gilt-edged market that, ahead of a likely election, *the Government will probably* resist any further rise in Minimum Lending Rate.

"Long-dated gilts could benefit in the short-term, from international economic developments, *from the clarification of pay* policy and from an improving institutional liquidity position."

There was scope for a recovery in institutional liquidity in June. Provided that no further commitments to the gilt-edged market were made during the month, liquid asset holdings of pension funds and life assurance com*panies could rise to more than* £2bn by the end of July.

# Medium-term loans business 'has gone mad over past year'

BY MICHAEL BLANDEN

COMPETITION for medium-term lending business had gone mad *in the past year, Lord Seebohm,* chairman of Finance for Industry, said yesterday.

Introducing the group's annual report, he said that a scramble for business had developed *which had made conditions* difficult for the group's FCI subsidiary, which is involved in *lending substantial* amounts to large manufacturing companies.

The competition among the *clearing and other banks had* had two major effects: the banks had been prepared to offer loans *on longer and longer terms,* extending up to 10 years and even 15 years rather than the more normal seven years; and margins over market rates had been squeezed to unrealistic levels of about ¾ per cent for medium-term loans and ¾ per cent for 10-year money.

As a result, FCI has extended the period for which it will consider variable rate loans to 15 years compared with 10 years previously.

It has been prepared to consider loans on spreads of as low as 1¼ per cent, *although so far* it has not provided any at less than 1¼ per cent.

*The subsidiary had a fairly* quiet year, advancing a total of £40m.

*Lord Seebohm suggested* that the reimposition of the so-called corset controls over banks would lead them to reduce their competition for medium-term lending business.

FCI's performance was in contrast with the experience of the other main subsidiary, ICFC, which lends to small companies. This company met a considerable increase in the demand for its facilities and made a record £50m of gross *investment in loans* and shares, compared with £26m in the previous year. In total, *advances were made to 518 custo*mers, an average investment of £97,000.

The Finance for Industry *group as a whole had a record* year in terms of lending and reported substantially increased profits. Profits before tax were £22m, compared with £11.6m in the previous year.

Results were boosted by realisations of a number of equity investments and industrial property developments which produced *profits of £10.9m.* These were considerably higher than forecast and compared with *£4.3m in the previous year.*

## Policy change

Against this, the group made provisions of £12.4m compared with £7.7m in the previous year. The increase reflected a change in policy and the general rise in the level of business.

The group's new investment for the year was £162m, the highest since the formation of Finance for Industry and comparing with £125m in the previous year. With uncompleted business standing at a record of *more than £100m at the end of* the year, Lord Seebohm said: "FFI's commitment to British industry since its formation in November, 1973, now exceeds £650m."

Reporting on the group's sources of funds, he said that in the past year it had been able to raise the whole of its requirement without recourse to the gilt-edged market.

The group was able to raise £56m at relatively attractive rates and was well placed, in the face of higher interest rate *levels, for the coming financial* year.

# Dearer Saabs

PRICES OF Saab cars sold in *the UK will go up by an average* of just less than 3 per cent on August 7. Costs have increased and the pound has weakened against the Swedish krona.

# Inflation likely to fall after peak next year

BY DAVID FREUD

AN OPTIMISTIC outlook on inflation is taken by the Henley Centre for Forecasting. It says that inflation is now turning upwards, but will peak at about 9.5 per cent in the early part of next year. From then it will fall steadily for the next four years.

One *consequence* of the increase in the rate of inflation would be more Government revenue than was envisaged in the Budget. Additional revenue would also derive from the sharp rise in consumer spending.

These factors, together with the *continued effectiveness* of cash limits in keeping public expenditure in check, would keep the *public* sector borrowing requirement well within the £8.5bn limit set by the Chancellor.

A similar outlook on inflation is taken by Staniland Hall, another independent economic and business forecasting group. It believes that inflation will rise to about 10.3 per cent by the middle of next year, after which it will decline to a low of 7.5 per cent by 1980/81.

# Phone box charge freeze causes big loss

By Christopher Dunn

BRITAIN'S 350,000 kiosk and phones may have lost £45m last year, the Post Office said yesterday.

Losses on the Post Office's *77,000 kiosk phones — public* call boxes — could have accounted for over £25m of this *for the year ended March 1978.*

The losses were directly attributable to the three-year freeze on coin-box charges, the Post Office said.

Charges might have to rise to a minimum of 5p a call, compared with 2p now, to bring charges into line with private phone tariffs. Adjustments might *also have to be made to the time* allowed for a call.

"Business and private phones subscribers are now subsidising payphone calls far too much," said the Post Office.

It made these estimates after publication of the Post Office Users National Council's annual report, which said that coinbox *charges would probably* be increased when prices were next adjusted.

But the Post Office said that no decision about altering prices in 1979 had yet been taken.

Since 1975, losses on kiosk phones alone have totalled £75m., including £23m in 1976-77. Telecommunications made a profit in *that year of £365m, before repay*ing £100m of excess profits to subscribers.

## Changeover

The users' council said last night that it hoped prices could be held unchanged for as long as possible. But losses on payphones were mounting too sharply, although it had normally made some losses in the past.

*Once a decision is taken about* altering coinbox charges, the changeover could be effected *within a few months.*

● Discussions continue with the Post Office and the Office of Fair Trading on codes of practice. The aim is to present a clearer and simpler basic statement of what can be reasonably expected of Post Office services, and to improve the remedies available if things go wrong.

The council is pressing for an independent arbitration procedure to be set up in the more intractable disputes with Post Office customers.

● The user's council is also trying to persuade the Post Office to introduce a new system for itemising calls for customers. One third of its complaints were about disputed telephone bills, it said yesterday. The Post Office said *that such a system* would probably cost the subscriber extra, since additional *monitoring equipment would be* needed at telephone exchanges.

# Government plans simpler version of Price Code order

THE GOVERNMENT yesterday published proposals for reducing the amount of information companies have to give the Price Commission when proposing price increases.

It also produced plans for a much simpler background Price Code order to replace the old Code, which expires after five years at the end of this month.

*The new Price Code, which* will be of minor practical importance, will act only as *guidance for the Price Commis*sion.

Basically it will be a re-statement of the criteria in the Price Commission Act by which the commission judges price increases.

The Price Commission and Confederation of British Industry (CBI) have been discussing means of reducing the administrative burden imposed by price controls on companies for some *time.*

Although the proposals published yesterday do not go as far as the CBI would like, they will mean that companies proposing only relatively small increases will have to do far less paperwork than at present.

The *idea* is to link the amount of information required to the *amount of additional revenue* the price increase would generate for the company.

Thus companies proposing increases that would yield less than £250,000 of additional revenue will only have to give the commission the barest details: their name, the goods involved, the proposed date of *implementation and the yield* calculated on historical data.

Rather more information will *be required from companies* proposing increases yielding between £250,000 and £1m, although *again it will be less than is* required at present.

In addition to provinding the data required for smaller increases, the companies will also have to provide details of the present prices and of the percentage margin over total costs before and after the proposed increase.

Companies proposing increases yielding more than £1m will have to provide much the same information as at present. That *means they will have to say* which of the criteria laid down in the Price Commission Act is relevant to the particular increase.

As now, it will be up to the commission to study the information and then decide whether it wants to carry out a full-scale inquiry.

At *the same time as making* the changes, the Government proposes raising the size of company that will be exempted altogether from the pre-notification requirements.

If the proposals are agreed, the threshold on manufacturing companies will be raised from £12m to £15m and that for service *companies from £9m to £12m.*

All the changes are to come into effect on August 1, subject *to consultation.*

**ELINOR GOODMAN, Consumer Affairs Correspondent,** ***reports on the Government's*** **suggestions for simplifying the Price Code and exempting more companies from prenotification requirements.**

# New inflation accounting guidelines are on way

FINANCIAL TIMES REPORTER

THE ENGLISH INSTITUTE OF Chartered Accountants yesterday approved a new statement of intent on inflation accounting. This sets out the accounting bodies' plans to develop the present Hyde guidelines over the next year.

The statement said:

"An exposure draft will be prepared with the assistance of the inflation accounting steering group and published not earlier than the spring of 1979.

"It will propose that published accounts drawn under the historical cost convention should be supplemented by statements providing profit and loss account and balance sheet information on a current cost basis.

"These statements will evolve *from the interim recommenda*tions (the Hyde Guidelines) and take into account comments on them and on ED 18.

"It is likely that the exposure draft will propose that the standard should apply only to listed companies and to other large undertakings. The relevant size criterion has yet to be decided, but in any event that would be a matter for public *discussion and comment.*

"The exposure draft will be confined to principles and *objectives. Separate guidance* notes, not forming part of the standard, will be published *setting out suitable methods for* implementing the principles and objectives.

"Special guidance notes setting out suitable methods for smaller companies will be published to *assist them to follow the prin*ciples on a voluntary basis."

# Sea oil policy criticised

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE Government's North Sea oil policy is strongly attacked today for being too cautious in its approach, for being blurred in its presentation, for avoiding many issues and for making wrong choices on big policy decisions.

The criticisms come in a paper from the Fabian Society, the independent Labour research organisation.

The paper has been published just before a one-day Fabian conference in London on Saturday at which *the speakers will* include: Mr. Anthony Wedgwood Benn, Energy Secretary; Mr. Barrie Sherman, director of research at the Association of Scientific, Technical and Managerial Staffs; Professor Marcus Miller from Manchester; and Professor Dick Sargent, group economic adviser of the Midland Bank.

The memorandum says that the Government's White Paper on North Sea oil, published earlier this year, also contains a big error in the calculation of future gas production and the basis of the benefit of future oil production is inconsistent with that adopted in the recent Green Paper on energy.

The Fabians say that the Government is wrong by giving too high a priority to the repayment of overseas debt, which requires the achievement of surpluses on the current account of the balance of payments.

"The White Paper is studiously vague about the size of the surpluses necessary to meet its loan repayment targets. However, it is possible to deduce that they will have to be of the order of several billion pounds by the mid-1980s.

"These surpluses will be the cost of domestic demand and hence a reduction in unemployment levels—in spite of such a reduction being declared to be the first priority in the White Paper."

*The White Paper on North Sea Oil Revenues; Fabian Society, 11, Dartmouth Street, London, SW1H 9BN; 50p.*

# Marlborough jewels fetch £452,750

SALEROOM

BY ANTONY THORNCROFT

A CASKET of jewellery belonging to the late Dowager Duchess *of Marlborough, who died last* November, sold at Christie's yesterday for £452,750. It had been expected to fetch about £250,000.

The casket, one of the most important collections to be offered on the London market for many years, made a significant contribution to the sale of *jewellery, which fetched £758,279.* That is a record for a jewellery sale in this country, the previous best being £572,678, set at Christie's in March, 1975.

The duchess's jewellery, with Impressionist pictures, and other paintings, furniture and Old Master and modern prints already sold, brings the value of the estate to £768,560. It was originally estimated to fetch about £500,000.

The top lot, at £110,000, was paid anonymously for a diamond necklace of 14 graduated circular and cushion-shaped *diamond* collets, with a total weight of 130.24 carats. A cushion-shaped *sapphire single stone ring* mounted in gold, the weight of the sapphire approximately 12.86 carats, *was bought* by S. J. Phillips, the London dealer, at £105,000. Although not a world *record for a sapphire* it set a record on a per-carat basis of £8,164. The previous best was £6,845.

In other lots a diamond bangle went to Graff Diamonds, another London dealer, at £60,000, and an unmounted Chrysoberyl "cat's eye" of 82.2 carats, to Wang, a U.S. dealer, at £36,000.

A newly discovered translation into English rhyming stanzas of Virgil's Aeneid, Book IV, by Sir John Harrington, made £7,500 in a sale of literary and musical manuscripts and autograph letters at Christie's.

It was bought by Quaritch, the London book dealer, in a sale that totalled £43,806. The property of the Marquess of Northampton, it had been *removed from the library of* Castle Ashby for sale. The striking feature of the transla*tion was the division into* stanzas, an arrangement not adopted by any other English translation of the period and certainly not suggested by Virgil's original.

Hoffman and Freeman, the Sevenoaks dealer, paid £6,000 for 13 autograph draft manuscripts, and typescripts, with autograph corrections and editions, subsequently published in the volume Last Poems, 1940, by Yeats.

*In other lots Quaritch went to* £5,000 for the Hertford-Croker Correspondence of 1812-42, comprising 889 autograph letters, *mostly by Francis Charles* Seymour-Conway, third Marquess of Hertford, to his friend and *factotum John Wilson Croker.* The letters covered every aspect of English social and political *life over three decades.*

Quaritch also paid £4,000 for 65 autograph letters signed by *Sir Humphrey Davy to his* mother and sisters.

Sotheby's disposed of European *paintings yesterday for £387,950,* with 15 per cent bought in. A still life of roses and fruit by Theude Gronland, painted in 1855, sold for £16,000, plus the 10 per cent buyer's premium, much above forecast.

The auction of Japanese works of art at Sotheby's totalled £119,659. A writing box and writing table sold for £6,400 and an early bottle, from the second half of the 17th century, fetched £4,000.

At Glendining, naval and military decorations and medals *sold for £32,800, with a top price* of £2,200 for a George Cross awarded posthumously to O. S. Bennett Sothwell

# Evert and Navratilova win through to final

TENNIS

BY JOHN BARRETT

THE TOP two seeds, Chris Evert and Martina Navratilova, will meet in the final of the women's singles at Wimbledon tomorrow. The match will be a repeat of their recent clash in the final of the Colgate event at Eastbourne when the Czech girl won in three sets.

*Miss Evert won steadily and* impressively yesterday against the defending champion Virginia Wade 8—6, 6—2, *but Miss Navra*tilova's match against Evonne Cawley was one of high drama. *They* were poised at one set each and 3—3 when Mrs. Cawley again damaged the injured *Achilles* tendon in her left leg. She was left a hobbling cripple and lost the match 2—6, 6—4, 6—4.

Miss Evert's record of consistency over the last seven years has been impressive. She has reached at least the semi-finals every year since 1972, won the title in 1974 and 1976 and was runner-up in 1973.

Her victory yesterday, achieved in one hour 36 minutes, was ample revenge for the defeat she suffered at the hands of Miss Wade at the same stage last year. It was fully *merited too,* though the defending champion fought tigerishly to retain her crown *particularly in the first* set. She was handicapped however by inconsistency in her serving, committing six double faults and frequently losing the ball at the service toss-up because of the swirling wind.

Miss Wade had two double faults in the opening game and needed to save three break points before she held service. The next game, almost *as long,* saw Miss Evert avert three break points successfully and in spite of two *double fauts* Miss Wade moved into a 2—1 lead. Immediately she made it 3—1 with two *glorious forehand passes* but the American broke back at once when Miss Wade misjudged a lob

Miss Evert's lobs, cunningly hoisted in the breeze, constantly frustrated the British girl's attempts to get to the net and take charge. Eventually she settled for some lengthy baseline rallies, one of which went to 23 strokes, as the games passed regularly with service.

They moved neck and neck to 6—6 and just when it seemed the first set would need *to be* decided by a tie-break Miss Wade was dramatically broken in the 13th game. One fine *lob beat* her all ends up and she netted another. Then she was left *stranded by an exquisite* Evert cross-court back-hander.

Miss Wade strained every sinew to break back and save the set. She led 30—15 and it could have been 40—15 but she pulled a forehand a couple of inches wide, followed this with a *snatched* volley and then floated a backhand over the baseline. So the first set was Miss Evert's after 64 minutes.

The second set took less than half that time as Miss Evert settled down to play at her best. She broke in the third game and in the fifth. Trailing 1—4 Miss Wade badly needed a boost and she swiftly provided it with a service break. Holding her own serve proved beyond her for the third time in succession, however, and Miss Evert is too great a player to cast aside such opportunities. One more game, competently won, and the set, the match and the place in the final were hers.

The other semi-final was one of wildly swinging fortunes. Mrs. Cawley started in fluent and graceful style, striking winners, particularly on her return of serve, almost at will after she had dropped her service in the opening game.

She won four successive games at a cost of seven points and though the exiled Czech girl briefly halted the slide with a thunderous game to love, Mrs. Cawley glided effortlessly through the next two to go a set up after only 21 minutes.

Miss Navratilova badly needed to tighten her game if she was to stay in the match and her reply was typically forceful. She went for her shots boldly, won four games in a row and was 5—1 ahead before the Australian managed to get a look in. She saved *one set point and* won three games before Miss Navratilova *struck a firm service winner* to take the second set.

Chris Evert avenged last year's defeat

After striking the lob that put her ahead 4—3 in the decider Mrs. Cawley screamed in pain, dropped her racquet and clutched her left leg.

After the change of ends she bravely decided to continue although she was crippled to the point of immobility. She could not swing her leg to serve properly and could not run. Her resistance was only token and Miss Navratilova took the next three games routinely. It was a *sad end to a fine match.*

# Former defence chief joins board of Racal

FINANCIAL TIMES REPORTER

RACAL, the fast-growing military electronics group, has appointed Admiral of the Fleet Sir Edward Ashmore as a member of its Board.

Sir Edward, 58, was Chief of *the Defence Staff until his retire*ment last summer. For most of his 44 years in the Navy he *specialised in communications.* In the mid 1960s he directed the re-organisation of the UK's defence communication network.

He was responsible for the operational and technical *administration of naval commu*nications for ten years until 1971 when he became NATO Fleet *Commander and Commander-in-*Chief of the British Fleet.

Sir Edward, who speaks both *French and Russian,* became Chief of Defence Staff and was promoted Admiral of the Fleet *in February* last year.

For the last 20 years he has been closely involved in liaison with Government Ministers and the Civil Service.

# Amex opens shop bank

AMERICAN EXPRESS has taken an important step into retail banking by opening a branch of its International Banking Corporation subsidiary in *Harvey Nichols,* the Debenhams Group store in Knightsbridge, London.

*The* branch will be open during normal shop hours, including Saturdays. The move *comes* when the big UK banks are looking for ways of introducing more flexible banking hours. American Express argues that the clientele of Harvey Nichols will provide opportunities to extend its services.

The branch, the group's only one of its kind, will provide banking and travel services, insurance, American Express card member services and travellers' cheques.

PARLIAMENT AND POLITICS

# No decision on measures to recoup £140m. cuts—Barnett

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT will decide between now and November whether to take action to recoup the £140m lost as a result of the 1p income tax cuts inserted into the Finance Bill by the Opposition. Mr. Joel Barnett, chief secretary to the Treasury, told the Commons last night.

He indicated that the Government's decision on whether to make good the £140m will largely depend on the indicators for the eventual borrowing requirement.

"There are two ways in which one can offset it—by public expenditure cuts, tax increases or a combination of the two."

Mr. Barnett was speaking on the report stage of the Finance Bill as MPs debated the new clause which introduces the 1½ per cent increase in the employers' National Insurance surcharge.

This was adopted as a compromise with the Liberals when it became clear that the Government could not force its original proposal for a 2½ per cent. surcharge through the House.

The 1p income tax cut, and the consequential reductions in tax at the higher bands, left the Government with a shortfall of £440m to make up. The 1½ per cent increase in the surcharge will bring in £300m still leaving £140m short.

During last night's debate Mr. Barnett also gave an indication that the Government may increase the cash limits in the public sector, such as the National Health Service, in order to offset the effect which the higher surcharge will have on them.

For the Tories Sir Geoffrey Howe, the Shadow Chancellor, condemned the increase in the surcharge and declared: "We regard it as a foolish and unnecessary measure introduced at a foolish time and in a foolish fashion."

Challenged to explain the strategy of his own party, Sir Geoffrey again emphasised the Conservatives' intention to reduce income tax and shift the burden on to indirect taxes.

He pledged that the Conservatives would cut public expenditure, particularly on subsidies to trade, industry and employment. He coupled this with an attack on the huge sums which had been poured into the British Steel Corporation over the past decade.

Mr. Barnett emphasised that once it was clear that the income tax reductions could not be reversed, a 2½ per cent increase in the surcharge was the best answer. This would have left a substantial surplus available next year for further cuts in income tax.

The tax cuts, he said, had added £440m to the borrowing requirement. The £8.5bn figure for the public sector borrowing requirement was the best estimate but "no one is saying with absolute exactitude that this is going to be the figure."

It was not unusual to have a margin of error of £1bn or more on the borrowing requirement. This margin of error had to be viewed against a total cash flow of £148bn.

It might be that the outturn of the borrowing requirement would be less than £8.5bn.

Stressing that the income tax reductions would not be coming into effect until November, Mr. Barnett said: "We will in the usual way be reviewing the prospects for the borrowing requirement in the light of what further information is coming before us.

"This will enable us to take any corrective action necessary to keep the borrowing requirement within the £8.5bn to which we are committed."

He pointed out that the £440m raised by increasing the surcharge by 1.5 per cent represented only 0.1 per cent of public sector receipts and payments.

Pressed for further clarification by Mr. Nigel Lawson, a Tory frontbench Treasury spokesman, Mr. Barnett said: "I don't say we would necessarily need to recoup the £140m.

"We will study the situation between now and November and decide what, if any, further action is necessary to ensure that the borrowing requirement remains within £8.5bn."

Sir Geoffrey Howe pointed out to Mr. Barnett that the higher surcharge would increase the cost of employing people in the public sector.

It would add £54m to the cost of employment in the National Health Service and £42m to costs in local government.

In the light of this he wanted to know whether the Government would increase cash limits in the health service and increase the rate support grant to local authorities.

Mr. Barnett said: "Cash limits will be increased as necessary."

Dealing with the argument over levels of income tax Mr. Barnett said: "I think the people of California may not be quite so pleased with things that are happening there when they begin to see the precise consequences of what they have done.

"I accept that our income tax at the higher and lowest end are very high and need to be cut. I want to see lower rates of direct taxation but I would never argue that that is the answer to all our problems.

"To suggest that this could solve the problem of inflation in this country is to carry it to exaggerated lengths."

Although he conceded that the increased surcharge would upset the cash flow in firms he also emphasised that it might encourage the more efficient use of labour and thus improve productivity.

Sir Geoffrey said the surcharge was taking the country in the wrong direction at the wrong time, and showed the Labour Party would remain "the high taxation party," stifling the prospects of growth and success.

The increase was a tax on jobs, profit and investment at a time when individual payroll taxes had increased by £200-a-year over 18 months.

"The Government has progressively diminished the rewards for going to work and being employed, and progressively increased the rewards for not going to work," he said. These measures had progressively increased the cost of employing people.

The Government was off course, offering no strategy for the restoration of prosperity. "We have got to set about rewarding more sensibly and more effectively work and enterprise."

They talked about world recession but over the past three years 9m new jobs had been created in the U.S. which had a far better performance in terms of growth.

"One simply cannot see now the Government can go on defending a record of such total failure and a policy which has reached a dead end," Sir Geoffrey said.

An essential pre-condition for the conquest of inflation was to reduce the public sector borrowing requirement. Mr. Barnett had wasted four years by struggling to reduce public spending by £4bn over two years and now pledging to increase it by the same amount.

By October, £1bn would have been committed or spent on paying for the losses of the British Steel Corporation over the past three-and-a-half years.

For the Liberals, Mr. John Pardoe said it would have been extremely easy for the Chancellor to have ensured an "agreed" Budget without any of the reaction that took place in the City.

Many people would regard the City's Budget reactions as "stark raving bonkers."

"The fact is that they have gone monetary mad and have been totally converted, bewitched, seduced, bothered and bewildered by the 'guru' from Chicago.

They should be sent on compulsory courses at Cambridge to study Keynesianism.

Mr. Pardoe said he was concerned with which was the "least bad" form of taxation.

The Tory Party agreed with the Liberals on the need for reducing tax to substantially lower levels, but they refused to say how they would pay for it.

He said income tax was a fundamentally bad tax. Advantages of payroll tax were that it was broad-based, and did not distort the economy.

It was no good the Government blaming Opposition parties for cutting taxation. "We are here to cut taxes," he said.

# Campaign to help low-paid workers planned

A CAMPAIGN to stop exploitation of homeworkers was announced by the Government yesterday.

Mr. John Grant, Employment Under-Secretary, told Mr. Jack Ashley (Lab., Stoke-on-Trent S.) in a Commons written reply that inspectors will be making checks in selected areas during the summer and autumn to see that firms in industries subject to statutory wages council pay rates and conditions are observing them for their homeworkers.

An advisory committee, with trade union and employer representatives, will monitor progress and see what further action might be needed. Mr. Grant will be the chairman.

Employment Protection Act powers will be used to get information from employers.

The campaign will concentrate on parts of London and the Midlands, but arrangements will ensure that other areas will not be ignored.

## Tough

Mr. Ashley said later that the steps announced by the Minister would "hardly dent the problem of exploitation of homeworkers."

They would help only 25,000 out of an estimated 250,000 homeworkers. "So the action is only a small squib rather than the big banger required, and the attack will be brushed aside by tough and ruthless employers."

Mr. Ashley said the Government should take four steps to help homeworkers.

- Set a statutory minimum wage;
- Class homeworkers as employees so they can benefit from employee protection legislation;
- Register all homeworkers so their pay and conditions can be checked;
- Raise penalties on employers who flout the law on homeworkers from £100 to £1,000.

# Effect of tax changes

BY DAVID FREUD,

THE GOVERNMENT yesterday confirmed that it would accept the Tory amendments to the Finance Bill made at the Committee Stage.

This means the basic rate of income tax for the 1978-79 financial year will be reduced from 34 to 33 per cent and the new threshold for the higher rate bands will be £8,000. The changes will take effect as from April 6, 1978.

The main effect not already dealt with will be on Advance Corporation Tax. The Chancellor will table a resolution to the Bill to bring the rate of ACT into line with the reduction in the basic rate of income tax.

Accordingly the rate of ACT will be reduced from 34-66ths to 33-67ths. The new rate will apply to distributions of dividend made after April 6.

The Inland Revenue said yesterday that the new rate would start operating provisionally straight away.

The Inland Revenue said that individuals who had been in receipt of dividend at the old rate since April 6 would automatically receive the difference due.

It added that inspectors of taxes would also make what amendments were needed in the case of taxpayers liable to higher rate tax or investment income surcharge.

Companies which have paid ACT at the old rate from April 6 will be entitled, on enactment of the amendment, to the difference between the two rates.

Such companies could either make the necessary adjustment to their next ACT payment for a subsequent return payment or apply in writing to the appropriate Collector of Taxes for repayment.

# Action on coach safety

BRITAIN is to introduce regulations to strengthen motor coach roofs independently of the Common Market, Mr. John Horam, Transport Under Secretary, announced in the Commons yesterday.

Britain was acting in this way because the EEC had not made progress on the draft regulations Britain had proposed last year.

Mr. Horam told Mr. Gwilym Roberts (Lab., Cannock) that last year 64 people died and 1,289 were seriously injured in bus and coach accidents, which represented one-sixth the rate for cars and taxies.

Mr. Roberts said there would be many casualties this summer due to the delay in implementing the proposals, which had been put before the House two years ago.

Mr. Peter Temple-Morris, a Conservative transport spokesman, said that, while appreciating the problem, the industry was to be congratulated on the fall in accidents over the past decade. As these horrendous accidents often involved old people and children action was needed to improve the brakes on these vehicles.

Mr. Horam said that consultations on braking standards were starting later this year.

Implementation could only follow industry action and it would be a couple of years before coaches could be produced with new braking standards.

# Penistone by-pass 'poll bribe'

A £40 MILLION by-pass for Penistone, Yorkshire, where a by-election is to be held a week today, was announced yesterday in the Commons.

Immediately, Mr. Robert Adley, vice-chairman of the Conservative Parliamentary committee, called the statement an election bribe.

The announcement came from Mr. John Horam, Transport Under Secretary, in a Commons reply to Mr. Edwin Wainwright (Lab Dearne Valley).

Mr. Horam said the preferred route of the scheme would go along the side of Stockbridge Valley and provide relief for Stocksbridge, Penistone and Deepcar.

This scheme, together with the by-pass for Mottram-Tintwhistle and other improvements to the A628, would cost about £40m, Mr. Horam said.

Mr. Adley, MP for Christchurch and Lymington, said last night: "What an astonishing coincidence that of all the schemes in the national pipeline, the Secretary of State for Transport should suddenly have wakened up this morning and decided that, above all others, this one had top priority.

"This is nothing less than an election bribe and one would have hoped that Mr. Bill Rodgers [Transport Minister] might have risen above such things.

"No doubt the doughty Yorkshire folk in the Penistone constituency will see through this transparent piece of chicanery."

# Environment was considered in Fairford choice—Mulley

BY IVOR OWEN, PARLIAMENTARY STAFF

ENVIRONMENTAL factors were taken into account by the Government before the RAF station at Fairford in Gloucestershire was chosen as the base for the 15 additional U.S. air force KC 135 tanker aircraft which are to be stationed in Britain, Mr. Fred Mulley, the Defence Secretary, told the Commons yesterday.

After stressing that Fairford was already a fully operational airfield which had also been used by Concorde he said: "I think that on balance there will be less and not more noise and pollution."

Led by Mr. Nicholas Ridley (C, Cirencester and Tewkesbury) MPs from the area stated that while the decision would be a disappointment to people living in the Cotswolds they were likely to accept it because the location of the additional KC 135 tankers in Britain was essential to the interests of Western security.

Concern in the area over environmental factors was emphasised by Mr. Douglas Hurd (C, Mid Oxon) who said his constituents felt that the matter had been rather clumsily handled.

Mr. Mulley said responsibility for the decision was his, but he had consulted Mr. Peter Shore, the Environment Secretary.

Fairford had a distinguished record in providing a home for the RAF and the U.S. air force and the stationing there of the KC 135 tankers was merely a change of aircraft and not a change of use.

The KC 135 tankers were similar aircraft to the B-47s which had already operated from Fairford.

In his view the provision of facilities for these aircraft there would not add in any way to the understandable problems which arose anywhere with military installations.

By providing an extended capability for air refuelling the KC 135s would multiply very substantially the value of the NATO air forces.

Replying to Mr. Anthony Kershaw (Con Stroud), the Minister explained that as no change of use was involved at Fairford it was unlikely that there would be a very substantial case for additional compensation arising from the operations of the tanker aircraft.

The local economy would benefit by between £3m and £5m a year as a result of the decision.

In the Lords, Lord Winterbottom, for the Government, said there had been a leak to The Times from the Ministry of Defence about the decision to site the base at Fairford.

On Tuesday night Lord Winterbottom replied to a short debate on the issue saying that Mr. Mulley would be making an announcement in the near future.

Lord Winterbottom said: "Unfortunately, there was a leak at the Ministry and the first I knew about the proposal was in The Times this morning."

Viscount Mersey, a Tory peer, called for the officials responsible for the leak to be named.

Lord Winterbottom replied: "The matter is being treated very seriously."

# Welsh vote victory

THE GOVERNMENT last night beat off by two votes an Opposition attempt to bar the proposed Welsh Assembly from making special grants to art galleries, museums and libraries to buy special items for their collections.

During the report stage of the Wales Bill, which sets up the Assembly if a referendum agrees, Tory peers challenged a clause which allows the Assembly "to do anything it considers appropriate" to support museums, galleries, libraries and other cultural activities.

The Tories tried to write in a provision that they should not make special grants for collection items. But this was rejected by 81 votes to 79.

# Television companies interests defended

BY ARTHUR SANDLES

COMMERCIAL TELEVISION company diversification into such activities as safari parks, publishing and funeral direction was defended by the Independent Broadcasting Authority yesterday.

Sir Brian Young, director-general of the authority, told a Commons select sub-committee that the concern of the broadcasting unions was understandable, but the unions should count the inflow as well as the outflow of money.

In 1974, when advertising revenue was sluggish, receipts from outside interests had helped to sustain television programme investment.

He argued that ATV's Edward VII series and Granada's World at War were two such instances.

Sir Donald Kaberry, chairman of the sub-committee, asked what contribution the ownership of a safari park by one company (Trident Television) helped programming, and Sir Brian repeated his point about providing a level flow of investment for programme-making.

Sir Donald wondered if "advertising revenue dropped you sell off a few zebras and camels."

Sir Brian said the zebras and camels might be making a profit while television revenue itself was falling.

In the course of the hearing Sir Brian said the authority would be producing new rules on the amount of foreign programming allowed on ITV screens, probably within the next month or two.

- Northumbria Television, a new consortium, is bidding to capture the franchise of Tyne-Tees Television.

It wants the franchise from August next year when the Tyne-Tees Television contract runs out after 20 years.

The new company says it wants to get away from "the parish pump approach." It would continue to make local programmes and also offer high quality features to the ITV network.

A new television centre planned for Newcastle-upon-Tyne would create 200 new jobs.

# Aid sought for UK vineyards

A PRIVATE Member's Bill to give British vineyards relief from rates and duty was introduced and given an unopposed first reading in the Commons yesterday but has little chance of becoming law.

Dr. Reginald Bennett (C. Fareham), chairman of the Commons catering sub-committee, said he was sponsoring the Bill to give help to Britain's wine growers to combat the poor conditions for growing wine.

He wanted to see all buildings connected with a vineyard treated as agricultural, which would make them eligible for rate relief.

The size of vineyard eligible for a grant should be reduced from four acres to one. Specialist equipment should also be eligible for a similar grant while research into viticulture should get tax relief.

# New peer

MR. JEREMY HUTCHINSON, vice-chairman of the Arts Council was introduced in the House of Lords yesterday as Lord Hutchinson of Lullington.

# Proportional representation plan urged

By John Lloyd

THE HOUSE of Lords should insist that the Scotland Bill includes provision for proportional representation in a future Scottish Assembly Mr. Malcolm Rifkind, a former Conservative frontbench spokesman on Scotland said yesterday.

Speaking to the England Speaking Union in Oxford Mr. Rifkind who resigned as a spokesman in December 1976 when the Conservative party adopted an anti-devolution stance said that both "hard line unionists and supporters of devolution would welcome proportional representation since it guaranteed that the Assembly would never be dominated by a separatist party.

Traditionally no party in Scotland achieved more than 50 per cent of the vote. The only party to have done so was the Conservative Party in 1955.

"Thus Scotland was a country of minorities even before the rise of the SNP and will remain one in spite of its decline. The electoral system should mirror this reality and proportional representation would help ensure that it did.

"The House of Lords must stick to its guns on this issue or it really will have become a paper tiger."

LABOUR NEWS

# Plessey to cut 600 jobs as telephone demand falls

BY PHILIP BASSETT, LABOUR STAFF

PLESSEY Telecommunications yesterday announced that 600 workers at its Edge Lane plant in Liverpool are to be made redundant. The company blamed a reduction in demand for traditional telephone equipment and a change to less labour-intensive electronic systems.

The workers involved will be given the statutory 90-day consultation notice required under the Employment Protection Act, though the company will initially seek volunteers to go.

Union meetings at branch level will be held within the next few days to discuss responses to the decision. Union leaders are angry at the timing of the management announcement yesterday and the way the decision was circulated in the plant rather than through union channels.

The redundancies were announced after a meeting with representatives of the workforce. Of the 600, 260 will be from management and staff positions and 340 will be hourly-paid staff. The final figure of 600 is some 300 less than had been locally anticipated.

A total of 5,100 workers are employed at the Edge Lane headquarters of the company. A year ago Plessey axed 1,800 jobs on Merseyside with the closure of factories at Speke and Kirkby. Sit-ins followed at all Plessey plants in Liverpool, and the company said at the time that further redundancies might have to be considered because of a drop in orders from the Post Office.

Plessey said in a statement announcing the redundancies that it regretted the action, but it was necessary because of reductions in demand for Strowger telephone equipment and the change to new electronic systems.

The Post Office last placed orders with Plessey for Strowger equipment, now 40 years old in design, 18 months ago. Since then the Edge Lane plant has been mainly involved in the manufacture of spare parts.

The company intends, though, to introduce the manufacture of TXE4 electronic telephone exchange equipment at the Edge Lane factory. The Plessey [illegible]ton plant in Liverpool, which employs about 1,000 people, was purpose-built for TXE4 equipment and the company's factory at Chorley, employing [illegible] workers, is also manufacturing it. The Post Office hopes to have some of the equipment in operation by 1980.

Manufacture of the digital, electronic System X telephone equipment for the Post Office will also continue in Liverpool.

- Union leaders representing the 1,100 men employed by Smith's Ship Repairers of North Shields have been told that the company might have to make men redundant in the event of the ship repairing business suffering a further collapse.

# Toolmakers' leader seeks executive seat

BY ALAN PIKE, LABOUR CORRESPONDENT

MR. ROY FRASER, leader of the unofficial toolmakers' group in BL Cars, is fighting for a seat on the Amalgamated Union of Engineering Workers' executive in September.

In the recent presidential election Mr. Fraser headed the list of eliminated candidates with more than 19,000 votes, an impressive total for a contender unsupported by either of the union's two powerful political factions.

The intervention of such a strongly-placed unaligned candidate will increase the pressure on the main Left and Right-wing contenders to pull out every vote.

Left-wingers urgently need to win the vacancy, caused by the retirement of Maoist Mr. Reg Birch, if they are to retain a presence on the AUEW executive. Their candidate is Mr. Len Choulerton and his Right-wing opponent is Mr. Jack Whyman. Both are full-time officials.

Members of the Right-wing group have proved unable to unite around a single candidate to fight for the executive vacancy caused by the election of Mr. Terry Duffy to succeed to the AUEW presidency in October. The first-round ballot paper will consequently contain the names of three moderate full-time officials in the West Midlands—Mr. Alfred Cotton, Mr. Ken Cure and Mr. Bill Jordan.

Right-wingers are certain to give full support to any of the three who qualifies for a second ballot next year, but the division may help to give the edge in the first round to the Left-wing candidate, Mr. John Tocher, a full-time official from Manchester.

The September elections will be of major importance to the AUEW with Mr. Duffy and his colleagues seeking to consolidate further their control of the executive and Left-wingers fighting to recover a credible base for opposition.

# PA journalists to meet management today

BY PAULINE CLARK, LABOUR STAFF

UNION REPRESENTATIVES and management in the Press Association are to meet this afternoon for the first time since Tuesday last week in a journalists' pay dispute that is said to be seriously affecting the news service's sports coverage.

If a solution is not quickly found it seems possible that offers of conciliation by the Advisory, Conciliation and Arbitration Service may be accepted.

Mr. Ken Ashton, general secretary of the NUJ, indicated last Wednesday that he did not think intervention by ACAS was necessary at that stage, but PA management emphasised yesterday it had not decided against the offer.

Mr. Ian Yates, chief executive of the agency, said: "ACAS made a brief and informal approach yesterday and asked for the facts of the situation, which were given to them. Possible help from ACAS has not been ruled out."

Until yesterday there had been no sign of a break in the deadlock that had existed for more than a fortnight.

Last Friday, the 240 journalists involved increased their action in support of their demand for pay parity with other Fleet Street journalists. Overtime has been banned and the journalists are refusing to co-operate with last-minute changes in shifts.

The journalists' claim for a £2,000 increase has been rejected by management as being in breach of the Government's 10 per cent guideline.

Union representatives say their proposals for increases over 10 per cent were rejected although "within the guidelines."

# Supervisors stop work

THE 350 foremen employed by Perkins of Peterborough, the diesel engine manufacturer, came out on strike yesterday.

They are angry with the management for not taking disciplinary action against a shop steward in a dispute over duties.

The labour force is working without supervision but the company says that production has not yet been affected.

# Gormley fends off bitter Yorkshire area attack

BY CHRISTIAN TYLER, LABOUR EDITOR

MR. JOE GORMLEY, president of the National Union of Mineworkers, grimly put down an open challenge to his authority yesterday from the militant Yorkshire coalfield.

The assault was launched at the annual conference in Torquay by Mr. Sam Thompson, from Armthorpe near Doncaster. He called on the president to resign after accusing him of wheeling and dealing with the National Coal Board and bringing the union into disrepute.

Angry scenes followed as right-wing members of the national executive leapt to Mr. Gormley's defence. At one point Mr. Gormley stood shouting at a queue of would-be speakers to sit down so that he could answer the charges against him.

The incident was triggered off by a passage in the annual report dealing with the recent dispute involving rescue brigades men in Yorkshire. Underlying it, though, was the tension discernible all week caused by the controversial decision of the executive to allow area incentive schemes after a pithead ballot had rejected a similar nationally-based plan.

Yorkshire claims that the executive blocked local negotiations on the rescue men's demand for higher bonuses, even though the scheme was supposed to be an area matter.

Mr. Arthur Scargill, Yorkshire area president and a contender for Mr. Gormley's job, forced his way to the rostrum to challenge Mr. Gormley's account of his part in the dispute. He signally failed, however, to drown the applause that greeted Mr. Gormley's defence.

With Mr. Mick McGahey, Scottish president, nodding his assent, Mr. Gormley said he had told the Board that if higher bonuses were offered to the Yorkshiremen he could not guarantee that he would not seek the same for everyone.

# Redundant steelworkers will get up to £3,500

BY ROBIN REEVES, WELSH CORRESPONDENT

REDUNDANCY terms for the closure of British Steel's Redpath Dorman Long subsidiary at Treorchy, South Wales, have been agreed. Shutdown of the plant will go ahead as originally planned on September 30, with the loss of 300 jobs.

The severance payments are reportedly not as generous as those granted redundant steelworkers at East Moors, Cardiff, and Ebbw Vale. But some employees could evidently receive as much as £3,500.

This would be made up of British Steel's scheme for state redundancy payments plus 50 per cent, an ex-gratia payment equivalent to 22½ weeks' wages, and the equivalent of six weeks' wages in lieu of notice plus holiday entitlement.

# Callaghan appeals to health unions

By Paul Taylor

THE PRIME MINISTER urged all health service unions yesterday urgently to find ways of avoiding damaging strikes. Mr. Callaghan made his appeal at a reception to mark the 30th anniversary of the founding of the National Health Service.

After praising the achievements of the past 30 years, Mr. Callaghan said that strikes and stoppages caused harm to the care and cure of patients and damaged the reputation of the service.

He welcomed the initiative of Mr. David Ennals, Social Services Secretary, in calling together representatives of doctors, nurses, midwives and Health Service unions to discuss how to avoid disruptive industrial action. He hoped the talks would provide solutions.

Mr. Callaghan did not make specific reference to the British Medical Association which, alone amongst the unions, has refused to sign a letter of commitment to the Health Service to mark the anniversary.

He told an audience which included past Health Ministers, MPs, union leaders, industrialists, and Health Service representatives that huge improvements had been made in the service but the lack of resources to meet needs still persisted.

He promised more cash for the service when the economy improved but reiterated the need to control inflation.

Mr. Stanley Orme, Social Security Minister, read a message from Mr. Ennals, who was unable to be present at the anniversary celebrations because he is in hospital.

Guests at the reception, said by the Department of Health and Social Security to have cost only £2,000, passed a small but noisy picket outside Lancaster House. The demonstrators were protesting about Health Service cuts and hospital closures.

In a statement issued yesterday to mark the anniversary the TUC said it welcomed the talks with Mr. Ennals but emphasised the need for more finance in the

# BL car strike at Swindon to go on

A MEETING of 840 strikers in BL's press shop, Swindon, voted yesterday to continue the stoppage in spite of warnings that layoffs could affect other plants.

BL, formerly British Leyland, said yesterday that the dispute was not affecting assembly lines and layoffs were not being considered at this stage.

The strike was said to have started when management sought to introduce segregation of passed and reject panels at the end of the line instead of at a later stage. Striking members of the Transport and General Workers' Union objected to the plan on the grounds that it represented a change in working practice.

Panels from Swindon are distributed to plants at Longbridge, Cowley and Abingdon.

Cars threatened by the dispute include the Mini, Allegro, Marina, Maxi, Princess and MG.

# Centralised bargaining 'unhealthy'

By Our Labour Correspondent

CENTRALISATION of collective bargaining may satisfy the egos of some union leaders but it is an "unhealthy extension of the power of the state," Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, says in this month's union journal.

Wages and conditions, says Mr. Chapple, should be determined by the collective bargaining process and not by civil servants.

Trade unions were founded as a defence for working people against the economic power of the employers backed by the political power of the state. To accept the needless extension of state power simply in the belief that it would give union leadership more say in how that power was exercised would be a "betrayal of our past."

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

## A sticky problem

ARCHITECTURE STUDENTS at Sheffield University are building a solar-heated house which will be a single-storey building at first and, with the addition of a second storey next year, will house six of the students engaged on the project.

Companies such as Unibond are helping by donating materials and technical advice and the Manpower Services Commission has given £6,000 under the Government's job creation scheme to employ a group of unemployed architecture graduates to carry out the majority of the construction work.

The walls and roof of the timber-framed house, in Broomhill, Sheffield, are constructed from 2.4 metres by 0.6 metre sandwich panels in which 12 mm sheets of plywood are bonded to a 150 mm core of extruded cellular polystyrene. Because they were not equipped with a press in which to clamp the plywood and polystyrene the students had to use a contact adhesive—the problem being that most adhesives of this kind contain petroleum solvents which dissolve polystyrene and many other plastics.

The problem was overcome by bonding the plywood and polystyrene with UniTak, made by Unibond, which is dispersed in water rather than petroleum and, says the company cannot harm materials such as polystyrene which are damaged by oil-based solvents. The adhesive is also non-flammable, almost colourless and easily removed from brushes and tools with water, factors, claims the company which made the students' workship safer, healthier and cleaner.

More from the manufacturers at Tuscam Way Industrial Estate, Camberley, Surrey GU15 3DD (0276 63135).

## Keeps dry on top

DESIGNED TO provide a solution to the problem of accumulation of dampness in insulation, is a multi-layer roll-on, over-deck roofing insulation comprising an upper layer of roofing felt, a core of polyurethane insulation with a reinforcing membrane and a profiled aluminium vapour check.

The insulation, called Tekurat, is supplied in rolls which cover ... square metres. Of German origin, it is being marketed in the UK from July 11 by the sole agent in this country, Evode Roofing, Common Road, Stafford ST16 3EH (0785 45121).

Its integral upper lay of roofing felts means that the insulating core of polyurethane is protected from gassing when hot bitumen is laid on top and the material will withstand temperatures up to 250 degrees C. A reinforcing membrane within the foam is said to give great dimensional stability.

## Concrete mixed like food

WHILE EXHIBITING at a food fair in Saudi Arabia, E. T. Oakes (a member of the Mono Group) which claims to be a world leader in food mixing technology, was asked if its methods could be employed for the mixing and production of lightweight aerated concrete.

The company met the challenge which resulted in its Mildersmate Cretolite Unit which provides an efficient way of producing up to 7 cubic metres per hour of lightweight, aerated concrete in a continuous or semi-continuous process. An integral pump enables the unit to deliver the finished product to the point of use at heights of up to 30 metres.

For on-site use the machine is supplied as a trailer-mounted unit for towing by Land Rover or similar vehicle with power supplied by a diesel engine rated 16 hp. It is also available as a static installation for use in low cost housing projects.

Further from the company at Queens Avenue, Macclesfield, Cheshire, SK10 2BT (0625 27411).

## Explosions less likely

A RANGE of filter felts incorporating electrically conductive polyester fibres to reduce the risk of fires and explosions in air cleaning installations has been introduced by Webron Products, Bacup Road, Rawtenstall, Rossendale, Lancashire, BB4 7JL.

Many types of powder, such as flour, sugar, starch, plastics, wood-flour, rubber and coal, constitute potentially explosive mixtures when mixed with air but build-up of static electricity can be prevented by the earthed filter bags which incorporate the special fibres.

The anti-static filter felts can provide resistance levels below 100 Megohms, conforming with BS 2050 and German Standard DIN 53482 relating to anti-static materials. The felts are produced in four standard qualities, all heat stabilised for use up to 150 degrees C. The 340 gm/m² and 400 gm/m² qualities are suitable for shaker or vibrator cleaning, flat envelope or tubular filter elements. The 500 gm/m² and 640 gm/m² qualities are right for pulse jet filter elements.

● PACKAGING

## Containers by the million

WHAT IS claimed to be the most advanced fully-automated plant in Europe for the production of larger polyetheylene containers for liquid products in the 5 gallon/25 litre size range is now in operation at Plysu Containers, Woburn Sands, Buckinghamshire.

In the smaller range, the production capacity is about 100m a year and 400m in the larger size. Demand for the company's most sold product range, the "Compact" family of bottles, which come with capacities of ¼ litre to 10 litres, has provided a base for the company to extend its horizons to encompass Europe, and form an Anglo-Dutch venture, Plysu Europe BV, based at Halfwek, Netherlands.

The company has just launched the SR25, a 25-litre rectangular jerrican with rounded corners. Available also in a 20-litre version, it has been developed for use with 1100mm by 1100mm pallets and is designed to fit eight across the internal dimensions of ISO freight containers.

The "square-round" container is blow-moulded from robust high-density polyethylene and manufactured in versions for stacking 2, 4 and 6 high, with two layers per pallet, each layer accommodating 16 containers. Stack stability is aided by the container's top and base configuration which enables stacking in any of four positions.

Suitable for use with a wide range of chemicals, foodstuffs and other corrosive and non-corrosive products, it has an integrally - moulded carrying handle which, together with fingergrips provided by the base configuration, facilitates easy controlled pouring even when protective gloves are worn.

Available in a wide range of attractive colours, a large flat labelling area on all four sides is recessed to avoid scuffing, and the container can be supplied in relatively small runs, screen-printed with customers' own brand designs.

● COMPUTERS

## Push at Trafalgar

IN A MOVE which creates the largest British group selling and supporting small business computers, Allied Business Systems (Trafalgar House group) and Business Computers (Systems) yesterday announced the signing of an agreement on close co-operation.

ABS is acquiring the Brighton manufacturing centre of Business Computers and an option to purchase the share capital has been given by the latter's shareholders to ABS. However, Business Computers remains an entirely independent company.

The joint organisation will market Multibus equipment made by ABS throughout Britain. ABS will continue to manufacture Business Computers' Molecular systems and ensure continuing support.

The new arrangements provide the group with a market base of small business machines already installed of about 600. To these must be added potential customers—perhaps as many as 1,000 or so sites—using machines which were the predecessors to Molecular. The partners have undertaken to continue support in terms of software development, applications programming and general support.

ABS predicts its turnover for 1978 in terms of equipment sold at £1.6m. It has distributors in Scandinavia, Benelux, France, Spain and South Africa. Its installed base of Multibus equipment now amounts to over 250 machines. Turnover for Business Computers this year is expected to reach £3m, or double the figure for 1977.

Trafalgar House has taught many organisations lessons in how to run building projects. It is sharpening its teeth on the Press.

With something like 40 companies involved in introducing small and medium companies to the mysteries of computers, the latest move from a Trafalgar-based company must be looked at in the same light. The acquisition programme is by no means at an end. It could be much more effective than roughly parallel NEB moves and take in other healthy companies.

ABS, 1, Berkeley Street, London W1X 6NN. 01-499 9020.

## Better account detail

LARGEST single application of Computer Output Microfilm (COM) is fully operational at Barclays Bank. The system, developed over three years by the Bank together with a Kodak task force, provides daily branch microfiche records of all 10m accounts.

In addition to providing speedier answers for customers queries, the COM system is saving Barclays up to four tons of paper nightly.

Nine Kodak KOM-80 microfilmers produce full close of business balances direct from magnetic computer tapes overnight. Microfiche is delivered by the morning to all 2,300 branches equipped with film readers. Each fiche contains up to 16,000 accounts together with an index.

Features developed especially for the Barclays system include a highly efficient control routine to ensure film quality, and a variable copying facility which produces the appropriate number of copies of an individual fiche for each branch.

Kodak, POB66, Kodak House, Station Road, Hemel Hempstead, Herts. HP1 1JU. Hemel Hempstead 61122.

## Sweeps data into store

USING A new hand-held OCR scanner by Siemens, data can be captured about 10 times faster than with conventional keyboarding on a data terminal.

The easy-to-hold lightweight (5 oz) scanner need only be passed over the line to be read with a short sweep of the hand in either direction. An audible signal indicates that all characters have been correctly read and transferred to the connected device, which may be a data terminal, a point-of-sale terminal, etc.

The complete unit consists of the hand-held read head and the microprocessor-controlled recognition logic to which it is connected with a thin cable. The device can read a total of 32 defined OCR-A and OCR-B characters at a rate of up to 140 characters per second. Characters produced by the major printing processes used with OCR can be read, e.g., letterpress printing, plastic card imprints and imprints produced by line printers, matrix printers, ink jet printers or labelling guns.

Siemens AG, Postfach 103, D-8000, Munich 1, German Federal Republic.

## Printer has simple head

NOVEL in design is the printing head employed in the latest model of matrix printer from Lear Siegler, available in the UK from Peripheral Hardware of West Molesey, Surrey.

The 9 x 7 dot matrix head has no magnetic cores attached to the individual print wires; instead, the wires are struck from behind by a solenoid driven armature and travel rapidly and with less inertia to the paper. Greatly increased head life is claimed.

Printing at 180 characters per second is carried out at 10 characters/inch horizontally and six or eight lines/inch vertically. The extended matrix allows underlining and true descenders on characters. The full 96 character ANSII set is standard, and foreign language and special sets can be provided to order.

Lear Siegler is providing the head mechanisms for Hewlett Packard, Data General and Anderson Jacobson machines.

Peripheral Hardware, Link House, Pool Close, West Molesey, Surrey, KT8 0HW. 01-941 4806.

● PROCESSING

## Coal fed against high pressures

PROGRESS is being made in finding how to feed large volumes of coal into the high pressure and temperature chambers of modern plants used for the conversion of coal into synthetic natural gas and petroleum products.

The essential problem is to pump it in without any blowbacks or other interruptions. Lockheed Missiles and Space Company in the U.S. has designed a disc-shaped rotor, a kinetic extruder, which spins dry pulverised coal outwards through small passages.

It has demonstrated it can move more coal at lower cost than feeders employed at present pilot plants.

A rotor to move 50 tons an hour into chambers pressurised up to 1,000 pounds per square inch is being designed. The small scale model moves one ton into 300 psi chambers per hour and the same type of unit can move seven tons into chambers against 600 psi, the company says.

Interest in coal conversion is intensifying in the U.S. and elsewhere as oil and natural gas supplies decline. Systems differ but most process at high temperatures and pressures. Several pilot plants are operating aimed at developing commercial-scale operations but they all need a specialised feeder.

Lockheed's work is under a Department of Energy contract and data from it will enable coal feeders for big conversion plants to be designed.

● MACHINE TOOLS

## Tight radii no problem

PRINCIPALLY for use in the shipbuilding and chemical industries where tight radius bends are often desirable and where pipes have bends in one or more planes is a numerically controlled unit, to handle pipes from four to 10 inches diameter, and up to ½-inch wall thickness.

The Mediolanum 5 uses the draw bending technique, i.e., bending over a mandrel, in order to ensure quality of bends and can be used for bending either steel alloys or non-ferrous alloys as used in the above-mentioned industries.

Maximum centre line radius is 34 inches and maximum length over mandrel is 5 metres.

All three movements, that is, degree of bend, plane of bend and distance between bends, are hydraulically actuated and a resolver which counts revolutions is responsible for maintaining accuracy of all three motions. All speeds are infinitely adjustable within the speed range, and a brake ensures that a slow-down movement is engaged before the pre-set dimension is achieved.

The motor driving the hydraulic pump is housed at the back of the machine and the hydraulic oil reservoir is thermostatically controlled in order to ensure the correct viscosity. A fail-safe ensures that the machine is non-operational unless the oil is at the right temperature. Similarly, the mandrel lubrication system is also a fail-safe type, ensuring that the machine does not operate unless mandrel lubricant is being fed.

Tool setting is made easy by slot-in type tooling, secured by pegs in the case of the clamp and by the use of one nut only on on the plane of bend carriage and by use of one nut only on the bend die.

Addison Tool Company, Westfields Road, Acton, London, W3 0RE. 01-993 1661.

● COMMUNICATION

## Electronic voice pact

RACAL-MILGO has signed an exclusive agreement with Wavetek Data Communications of Santiago, California to market Wavetek voice response systems throughout Europe, Africa, and the Middle East.

Wavetek Data Communications has produced voice response systems since 1970 with over 150 installed in the U.S. and a number of systems in the United Kingdom. These systems enable any number of remote users, to enter or access data at a central site via dial-up telephone lines using low cost key pads. The response to data entry or data retrieval inquiries are in computer controlled human voice form.

Racal-Milgo will provide complete voice response systems, from initial system conception to installation. Typical applications are where fast response is required, such as vehicle parts distribution, credit card verification, retail distribution order entry and shop floor data collection.

Racal-Milgo, Bennet Road, Reading, Berks. RG2 0SS.

## Low cost message switching

TAKING ON companies such as GEC, Ferranti, Hasler, ITT, and Plessey is a new firm called Format Communications which has just entered the message switching business with its MRS system.

The company claims that at the lower end of the market, where perhaps the main task of the equipment is the distribution of telex messages to various parts of an organisation, the equipment costs only about half that offered by the majors.

Format has achieved this, claims managing director Barry Taylor (an ex-ITT World Communications man) by reducing the sophistication of the processor to a minimum and by using TTL parts which are now relatively cheap and allow higher speeds than a micro.

MRS can operate at speeds up to 9600 bits/sec on as few as four telegraph, telex or voice grade lines, using teleprinter or VDU terminals. Off-line storage is floppy disc (up to 250k bytes) or flying head disc (up to 3 megabytes).

Basically, the system accepts incoming messages which can then be re-routed to up to 32 locations with three levels of priority, with editing off disc as needed before onward transmission.

MRS can be connected to Post Office auto-telex lines to give automatic transmission and reception of messages over the telex network. In addition, by typing a suitable code on his terminal the user is connected to another user in conversational mode. If the called line is busy the system waits until it is free and then makes the connection.

Taking 500 watts from a mains socket, the equipment is designed to operate in a normal office environment. Rental starts at about £5,000 a year.

More from the company at 186 Oatlands Drive, Weybridge, Surrey KT13 9ET (Weybridge 53768).

● WEIGHING

## Links with control systems

OFFERING A solution to problems facing manufacturers of pre-packaged goods liable to arise from soon-to-be-mandatory EEC weight control regulations is the Sartorius range of MP balances, says the company of 18 Avenue Road, Belmont, Surrey (01-642 8691).

In addition to being themselves programmable, the balances are said to be very suitable for operation in conjunction with data monitoring and control systems. Coupled with a Honeywell Level 6 minicomputer, numbers of balances from the range varying from 0.1 mg sensitivity and with capacities up to 30 kg, with speeds of up to 100 weighings per minute, can be interrogated simultaneously by the minicomputer.

● LUBRICATION

## Withstands the heat

CONVEYOR chains passing through stoving ovens create maintenance problems due to lubricant breakdown.

Acheson has formulated a new conveyor lubricant that overcomes these problems—unlike conventional lubricants it does not decompose at modern paint stoving temperatures to form varnish, gums and carbon.

Conveyorlube oven chain lubricant will work continuously at temperatures up to 180 deg C and for sustained periods up to 350 deg C. It gives protection against wear and seizure and eliminates surging and juddering of conveyor lines. As it has a low evaporation rate it is long-lasting and can be applied sparingly.

Acheson Colloids Company, Prince Rock, Plymouth PL4 0SP. 0752 266351.

THE JOBS COLUMN

# Latest managerial salary indicators

BY MICHAEL DIXON

IN CASE Tuesday's league table of salaried posts in London failed to satisfy readers' lust for figures, here is the Jobs Column's regular four-monthly indication of managerial-type pay levels throughout the country.

The table is based on nearly 3,000 of the 28,090 people who registered during February-May as job-candidates with the Government-sponsored Professional and Executive Recruitment Agency. My statistics are confined to particular age groups—with two exceptions (marked in the table) the 33 to 37 year olds—but the full details are available from Reward, 1 Mill Street, Stone, Staffs ST15 8BA—telephone Stone (078 583) 4554.

The first six columns (in all cases the figures in brackets are the corresponding salaries in February-May, 1977) relate to all candidates of the stated ages registering in each category throughout Britain. The last six columns relate only to those among the candidates who held "appropriate qualifications."

If all the general managers and so on are ranked by pay from highest to lowest, the "median" represents the salary of the person half way down. Likewise the upper quartile is the pay of the person a quarter way down the ranking, and the lower quartile that of the manager three-quarters down.

For personal comparison, Reward recommends the addition of 12 per cent to the table's figures if your employer is an international or large national concern; 9 per cent if it is a regional company with 200 to 1,000 employees; and otherwise 3½ per cent to allow for the time lag in publishing.

| | All in sample | | | | | | Professionally qualified only | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age group 33-37 | Lower quartile | (1976) | Median | (1976) | Upper quartile | (1976) | Lower quartile | (1976) | Median | (1976) | Upper quartile | (1976) |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| General managers | 7,000 | (5,000) | 8,425 | (6,250) | 12,000 | (7,700) | 6,337 | (5,875) | 7,500 | (6,800) | 10,062 | (9,500) |
| Administration managers | 3,900 | (3,575) | 4,750 | (4,000) | 5,700 | (5,250) | 4,650 | — | 5,000 | — | 6,000 | — |
| Company secretaries | 4,375 | (4,000) | 5,200 | (5,100) | 6,550 | (5,875) | *6,300 | (4,150) | *6,950 | (5,100) | *7,200 | (6,000) |
| Accountants | 4,500 | (4,000) | 5,500 | (4,800) | 6,500 | (5,800) | 5,500 | (4,075) | 6,150 | (5,325) | 7,000 | (6,425) |
| Cost accountants | 4,100 | (3,987) | 4,875 | (4,500) | 5,787 | (5,412) | 5,000 | (4,500) | 5,775 | (5,225) | 6,500 | (6,000) |
| Computer managers | 5,275 | (4,637) | 6,000 | (5,500) | 7,450 | (6,375) | 5,300 | — | 6,000 | — | 6,700 | — |
| Systems Analysts | 4,800 | (3,900) | 5,450 | (4,250) | 6,350 | (5,200) | — | — | — | — | — | — |
| Computer programers | 3,737 | (3,050) | 5,000 | (3,650) | 5,675 | (4,200) | — | — | — | — | — | — |
| O&M/work-study officers | 4,000 | (3,725) | 4,450 | (4,000) | 5,225 | (4,300) | 4,250 | (3,962) | 4,800 | (4,425) | 5,275 | (4,825) |
| Personnel executives | 4,300 | (3,500) | 5,250 | (4,625) | 6,250 | (5,000) | 5,275 | (5,000) | 5,925 | (5,725) | 7,025 | (6,125) |
| Training executives | 4,050 | (3,962) | 4,750 | (4,350) | 5,250 | (5,187) | 4,337 | — | 4,825 | — | 5,500 | — |
| P.R. executives | 3,750 | (3,412) | 4,350 | (4,050) | 5,350 | (4,812) | 3,400 | — | 4,300 | — | 5,350 | — |
| Marketing managers | 5,500 | (5,000) | 6,500 | (6,000) | 7,362 | (7,000) | 6,000 | (5,000) | 6,600 | (6,000) | 7,825 | (7,325) |
| Sales managers | 5,000 | (4,000) | 5,800 | (4,875) | 6,725 | (5,762) | 5,350 | — | 6,000 | — | 7,200 | — |
| Sales office managers | 4,000 | (3,475) | 4,200 | (3,800) | 5,200 | (4,150) | — | — | — | — | — | — |
| Sales representatives | 3,500 | (3,200) | 4,200 | (3,500) | 4,950 | (4,400) | — | — | — | — | — | — |
| Technical sales reps. | 3,750 | (3,250) | 4,400 | (3,900) | 5,000 | (4,500) | — | — | — | — | — | — |
| Retail management | 4,000 | (3,500) | 4,500 | (4,000) | 5,500 | (4,900) | — | — | — | — | — | — |
| Production managers—engineering | 4,500 | (4,000) | 5,250 | (4,500) | 6,037 | (5,000) | 5,250 | (4,400) | 5,950 | (4,950) | 6,887 | (5,500) |
| Production managers—non-engineering | 4,500 | (3,800) | 5,000 | (4,325) | 6,000 | (5,250) | 5,150 | (4,425) | 6,075 | (5,500) | 7,062 | (6,200) |
| Production engineers | 4,500 | (3,900) | 5,000 | (4,225) | 5,750 | (4,712) | 4,700 | (4,200) | 5,000 | (4,525) | 6,100 | (5,000) |
| Mechanical engineers | 4,600 | (4,000) | 5,200 | (4,400) | 5,862 | (5,100) | 5,025 | (4,000) | 5,500 | (4,500) | 6,137 | (5,275) |
| Electrical engineers | 4,500 | (4,000) | 5,250 | (4,700) | 6,000 | (5,500) | 5,000 | (4,300) | 5,550 | (4,900) | 6,475 | (5,750) |
| †Chemical engineers | 4,025 | (4,000) | 4,800 | (4,800) | 5,962 | (5,000) | 4,450 | — | 4,800 | — | 6,437 | — |
| Quality control engineers | 4,100 | (3,500) | 4,550 | (4,050) | 5,175 | (4,600) | 4,450 | — | 5,050 | — | 5,474 | — |
| Draughtsmen | 3,850 | (3,400) | 4,300 | (3,800) | 4,850 | (4,400) | 3,850 | (3,600) | 4,225 | (4,200) | 4,687 | (4,550) |
| Civil engineers | 4,000 | (3,900) | 4,750 | (4,500) | 5,850 | (5,200) | 5,050 | (4,250) | 6,500 | (5,200) | 7,250 | (5,800) |
| Technicians in engineering | 4,000 | (3,500) | 4,500 | (4,000) | 5,150 | (4,500) | 4,000 | (3,550) | 4,500 | (4,000) | 5,150 | (4,500) |
| Quantity surveyors | 4,762 | (4,325) | 5,000 | (4,550) | 6,000 | (5,350) | 5,000 | — | 5,450 | — | 6,875 | — |
| Chemists | 3,900 | (3,450) | 4,850 | (4,000) | 5,800 | (4,600) | 5,000 | (3,500) | 5,550 | (4,000) | 6,037 | (4,600) |
| Metallurgists | 4,300 | (3,925) | 4,800 | (4,350) | 5,500 | (5,575) | — | — | — | — | — | — |
| Physicists | 4,650 | (3,825) | 5,425 | (4,675) | 6,875 | (5,237) | — | — | — | — | — | — |
| Distribution executives | 3,900 | (3,425) | 4,500 | (3,900) | 5,000 | (4,500) | — | — | — | — | — | — |
| Purchasing executives | 3,800 | (3,375) | 4,500 | (3,900) | 5,000 | (4,750) | 4,450 | (2,700) | 4,750 | (4,000) | 5,750 | (5,025) |

† 31-35 age group

* 32-36 age group

# FINANCIAL DIRECTOR
## Corporate Planning Responsibility
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**The Challenge:** Working closely with the Chief Executive, his Board and the Group's corporate management in assessment and forward planning. Evolving and implementing improved • financial and manufacturing controls • M.I.S. • computer applications • budgeting and variance reports • 5 year corporate plans • identifying and negotiating new business development opportunities.

**Your Department & Its Need:** A large well established Finance Section (total staff 50) which includes • Financial Controller • Management Services Manager • Divisional Management Accountants. A loyal, hard working and reliable team in need of dynamic leadership, stimulation and guidance in the adoption of sophisticated and cost effective techniques for forecasting production control and monitoring performance.

**Our Ideal Candidate:** A highly qualified Accountant, aged 34-40 years, with a wealth of practical experience in • Financial Management and Cost Accounting • Computer Applications • Inflation Accounting • Budgeting • Corporate Planning. A knowledge of the heavy end of manufacturing industry is desirable. The predominant attributes we are seeking are • Creativity • Innovation • Marketing/financial skills • Resourcefulness in managing people • Capacity to work alongside a dynamic Chief Executive.

**Generous Remuneration:** Competitive basic salary + executive car + free BUPA + pension/life assurance + 4 wks holiday + other benefits.

**ACT NOW! To learn more and arrange an interview, telephone or write to the Company's adviser: Paul Sinha (Director), on 01-388 2051 or 01-388 2055 (24 hr. Ansaphone)** *quote ref. 242. All applications will be treated in the strictest of confidence.*

*This appointment is open to male/female applicants.*

MERTON ASSOCIATES (CONSULTANTS) LIMITED,
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

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# JAPAN
## BUSINESS DEVELOPMENT MANAGER

**• Consumer Electronics • Lighting • Domestic Appliances • Engineering**

**Tokyo** — **c. £25,000 + car + substantial allowances**

**A new and key role. Represent all 4 major Divisions of one of Britain's Industrial Giants. Be responsible for defining marketing and sales opportunities. Spearhead the further development of existing business into a £multi-million turnover in the fertile Japanese market.**

**Our Client:** One of the U.K.'s top 20 companies with an enviable U.K. and Export Sales/Profit record. Turnover exceeds £1,000 million and they employ over 80,000 people world wide. Technologically in the forefront in many fields, they are intent upon gaining an important share of international markets.

**Your Opportunity:** To create and develop a branch office in Tokyo. Be responsible for • Identifying marketing opportunities • Developing marketing/sales programmes • Examining joint venture projects • Representing the Company at all levels.

**The Ideal Candidate:** You will have extensive experience of developing overseas markets • Be a skilled commercial negotiator • Be practiced in resourcing market intelligence and conducting market research • Be able to appraise financial viability of new projects • Think and act as a businessman • Preferably you will have a degree in electronics and be between 38 and 45 years of age.

**Your Rewards:** A generous basic salary + housing + car + 5 weeks leave + pension + other substantial benefits + excellent career development prospects.

**ACT NOW! Telephone or write, in the strictest of confidence, to the Company's adviser, David Burns (Director), on 01-388 2051 or 01-388 2055 (24 hr. Ansaphone),** *quoting reference number 241.*

MERTON ASSOCIATES (CONSULTANTS) LIMITED,
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

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# Manager Internal Audit

**Cheltenham** — **c. £7/7,500 + car**

**The Cheltenham and Gloucester Building Society wishes to appoint a suitably qualified person to set up and manage an internal audit function based on its chief office in Cheltenham.**

This is a new appointment of senior rank and offers the opportunity to create a new department from scratch and to make a positive contribution to the further development of the Society's systems.

Candidates probably in their early 30's should be qualified accountants with a good knowledge of computer-based systems. Building Society experience, although useful, is not as important as sound general professional/commercial experience of modern financial control and accounting methods.

Apart from a competitive and negotiable salary, there are attractive fringe benefits.

Write in confidence, quoting reference 2933/L, giving brief details of qualifications and experience, to M. J. H. Coney,

*Peat Marwick Mitchell & Co.,*
Executive Selection Division,
165 Queen Victoria Street,
*Blackfriars, London, EC4V 3PD.*

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**EDP SYSTEMS ANALYST AND SYSTEMS OFFICER**
required for a group of companies in
**SAUDI ARABIA**
**EXCELLENT CONDITIONS**
Please send resumé to:
**P.O. CONCORDIA**
20, Westbourne Park Villas, London W2 5EA

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# International Opportunity for Senior Accountants
## c.£8000

For an ambitious well qualified accountant this is an interesting opening which offers considerable promotion prospects as well as *the opportunity to travel. Our Client is an* American based multi-national service company with its European headquarters located in West London. As one of their international Senior Accountants you would be based in London, but expected to spend some 50% of your time abroad, mostly in Europe.

Responsibilities will be varied and include the reviewing of European subsidiaries monthly reports, the co-ordinating and preparation of budgets and ad hoc analyses both in London and in Europe.

The job obviously calls for a man or woman with wide experience who has worked and, preferably trained in a sophisticated accounting environment. At least two years' post qualification experience is essential and a working knowledge of at least one European language would be ideal.

A starting salary in the region of £8000 will be offered plus the usual benefits associated with a major firm.

Write in the first instance with full career details to Position Number ASL 6853, Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

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# PRIVATE CLIENTS/BANKS ADVISER
## Prominent City Stockbrokers

**Career Opportunity** — **c £7,000**

**An excellent career opening in one of the oldest firms, with an enviable reputation and exceptional track-record for stability, reliability and steady growth. Their partnership is dynamic and forward thinking.**

**Our Client:** The firm has a substantial institutional, Private Clients and Banks business. The partners have invested heavily in computerisation and in ensuring the excellence of their research and valuations department. Their dealers are respected as among the best in the market.

**Your Opportunity:** To become an integral part of their *Client Service function, servicing a regular clientele* comprising several hundred banks, advising on investment funds of up to £100m. Complete freedom to organise and manage your areas of responsibility is *an important feature of this varied, interesting and* highly responsible position.

**Your Background:** An executive (male or female), aged 25-40 years, with a wide experience of handling private clients business.
A sound knowledge of the following is essential: • UK Economy • Monetary Supply • Interest Rates • Politics • Personal Tax Planning • New Rules of CGT and effect on Investment Trusts • Trustee Act (1961) • Non-Resident Acts • Organising valuations • Preparing recommendations and discussing policy with Partners and Clients.

*Remuneration: Generous basic salary + high bonus,* + Pension/Life Assurance + 3 weeks holidays, etc.

**ACT NOW! To discuss the appointment further, telephone or write** *(in strictest of confidence)* **to the firm's** *manpower adviser:* **Michael A. Silverman MIPM, on 01-388 2051 or 01-388 2055 (24 hr. Ansaphone)** *Ref. 248*

MERTON ASSOCIATES (CONSULTANTS) LIMITED,
*Merton House, 70 Grafton Way, London W1P 5LN*
Executive Search and Management Consultants

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# Group Accountant International Banking

**A major city based international banking group seeks to recruit a young chartered accountant, ideally aged 26-30. Previous experience of banking and multi-national operations would be useful but not essential.**
The successful applicant will join a small specialist team, reporting directly to the Group Chief Accountant, responsible for the Group's accounts, establishment and co-ordination of accounting policies and tax planning. It is also involved in corporate financial planning, strategy and development.
An attractive basic salary, together with substantial ancillary benefits, will be offered and excellent future prospects are envisaged.
Write, giving relevant personal data and career history to:

The Personnel Manager,
Standard Chartered Bank Limited,
10, Clements Lane,
London, EC4N 7AB.

Standard Chartered
BANK LIMITED

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A private company which markets and supports MICRO COMPUTER systems, requires a

# Young Financial Controller

This is an excellent opportunity for an ambitious, qualified, C.A., A.C.A. or A.C.M.A. with about 2 years' post-qualification experience, to enter commerce at a senior level with line responsibility. This appointment will provide the opportunity to develop a successful career by having early responsibility both within and outside the specific accounting sphere.

Home Counties — Age 23–28 — Salary from £8,000 & car allowance

*Applications in the strictest confidence quoting CT should be addressed to:*

Robin R Whalley
**INTERNATIONAL APPOINTMENTS (LONDON) LTD**
*(Executive Recruitment Consultants)*
*Calder House, 1, Dover Street, London W1X 3PJ.*
*Telephone: 01-629 6667/8*
*Cable: Interappt. London W.1.*

*Licensed in the United Kingdom in accordance with the Employment Agencies Act 1973 No. SE(A) 1416*

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# Institutional Sales
## U.S. Equities
### New York Based

A major U.S. investment banker is seeking an additional executive to assist in the servicing of existing institutional clients and the development of new relationships in England and Scotland.

*Applicants (aged between 25-35) should have good institutional* contacts and a thorough knowledge of the U.S. stock market.
The job is based in New York but requires regular visits to the U.K.

Salary is negotiable and will depend on experience; the right individual will find the financial opportunity attractive.
*Generous assistance will be given towards relocation and other* expenses. Application with full C.V. to:

Box F.1034, Financial Times, 10, Cannon Street, EC4P 4BY.
All applications will be treated in the strictest confidence.

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# AREA OFFICER

Leading International Bank is seeking an Area Officer whose duties include the assembling, updating and analysing of all background information required to review and generate credit opportunities within a specific area and to provide back-up and background to travelling area representative. Position would be attractive to someone aged 25-30 with banking experience and, although not essential, French would be preferable. Initial salary negotiable £6,500-£7,500 plus usual banking benefits. Applications in strict confidence to Box A6406, Financial Times, 10, Cannon Street, EC4P 4BY.

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# ENTREPRENEURIAL LAWYER

**Up to £12,000 + car** — **Manchester**

An established and successful, privately-owned leasing company wishes to appoint to its Board a solicitor, or perhaps a barrister, aged around 28-36. He or she will have gained good commercial experience, preferably with a large professional firm and will be seeking now a chance to apply technical skills in a competitive environment, where challenges and rewards are great.

Based in central Manchester he or she must be willing for some travel throughout the U.K., to establish client contact. Personality and drive will be essential in tackling the intellectual and human relations demands of the business. Profit sharing. Relocation expenses.

Please apply:
Sir Timothy Hoare
17 Air Street
London W1R 5RJ
01-734 4284

Career plan LIMITED

*Interviews London or Manchester*

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# SHORT-DATED GILTS

A major firm of brokers with an established Gilt-Edged Department wishes to appoint a Sales Executive specialising in short-dated gilts. The successful candidate will have access to the goodwill of established contacts.

As well as established Sales Executives, our clients would be interested to hear from individuals with experience of dealing in shorts on the Floor of the House or in appropriate Institutions. The main requirement is for a confident and energetic person, who is a self-starter.

The post will carry fully competitive remuneration and the opportunity of a progressive career in a profitable and ambitious business.

Applications will be forwarded direct to our clients, and you should indicate in a covering letter any firms to whom you do not wish to apply.

Please apply in writing quoting reference 932, giving particulars of career, in confidence, to:

W. L. Tait,
Touche Ross & Co., Management Consultants.
4 London Wall Buildings, London, EC2M 5UJ.
Tel: 01-588 6644.

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# Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

**LENDING OFFICERS** — Negotiable c. £9,000+
Our client is an international bank with branches in many parts of the world. Ideal candidates will have gained a basic grounding with a clearing bank before joining a City-based international bank where they will have gained credit experience. While the successful candidates will be initially based in London, they should be looking for an overseas posting in due course. Persons with direct lending/marketing experience who are already internationally mobile would be considered for earlier overseas assignments. A professional qualification and a fluency in a foreign language would be considerable advantages.
*Contact:* Roy Webb

**EUROBOND CLEARANCE ADMINISTRATION** — c. £8,000-£10,000
An expanding American Investment Bank requires a person with excellent Eurobond Administration experience and a thorough grounding in all other Euro-Securities and U.S. equities.
*Contact:* Mike Pope

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

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# SENIOR EXECUTIVES

INTEREXEC's confidential services are solely directed to helping senior executives to secure new appointments.

INTEREXEC provides the most comprehensive and largest career advisory and job searching service for both U.K. and overseas appointments.

INTEREXEC undertakes all the research, maintains all the information and does all the work of the job search.

Our professional service secures appointments faster.

THE INTEREXEC REGISTER LIMITED
The World Trade Centre, London E1 9AA
01-481 9977

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# CORRESPONDENT BANKER
## American Express International Banking Corporation

As a medium sized International Banking Corporation, we wish to appoint a well-qualified Commercial Banker to administer and expand our banking relationships world-wide.

The person appointed must have extensive knowledge of Documentary Credits, Bills, Loans Indications and Foreign Exchange. He/she must be personable and be able to demonstrate an ability of meeting with Bankers at a senior level.

The person appointed will report directly to the Vice-President in charge of the bank's non-lending activities. Age 35/45. Excellent fringe benefits will be afforded to the successful applicant.

*Please apply in writing, stating age and experience, to:*
Mr. E. J. Ralphs, Manager—Personnel,
AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION,
52/60 Cannon Street, London EC4P 4EY.

# Financial Controller

A nationally known association requires a financial controller to join its young and progressive management team. The association provides housing for the homeless and has a wide spread of properties in the UK. It has expanded rapidly and the Director proposes to streamline the organisation and introduce modern management methods.

The financial controller will be intimately involved in this transition. The requirement is to assess the financial organisation and implement new systems to facilitate the optimum use of resources. This will entail cash flow forecasting, project appraisal and developing a regular flow of management information. As one of three senior divisional managers reporting to the Director, the financial controller will participate in the day to day management of the association and the wider issues of policy making.

The need is for a qualified accountant, with a lively mind who is a strong administrator, with sound business and management experience gained in a major organisation.

Age: about 35. Remuneration: £9,000 plus car. Location: West London.

Please write in confidence to: A. H. Mallinson (Ref: 148)

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX TML

# BANKER—INDONESIA

32 - 37 Up to $40,000 tax free

Our client, a financial institution based in Indonesia and backed by substantial international and Indonesian shareholders, will shortly appoint a senior banker whose responsibilities will include:—

★ lending, medium- and short-term, to local industry and commercial firms
★ advising and lending to multi-nationals already established in the area
★ advising on the structure of companies and their quotation on the Jakarta Stock Exchange
★ generally dealing with new business opportunities
★ taking his share of the administrative responsibilities involved in a small but expanding office

The ideal candidate will have obtained his lending experience preferably with a merchant bank based in the U.K. He will have, in addition, a good general financial knowledge and some experience of overseas assignments.

The person appointed will be deputy to the present managing director. The position therefore calls for someone who has leadership qualities and is mature enough to deal with a variety of responsibilities.

Prospects are excellent in a country that is going through an exciting period of development.

J. R. V. Coutts
Chichester House
Chichester Rents off Chancery Lane
London WC2A 1EG
Telephone 01-242 5775

Career plan

# FINANCIAL ACCOUNTANT

Up to £9,000
London

Cinzano (UK) Ltd. is a subsidiary of Cinzano Internationale S.A. and is engaged in shipping, bottling and marketing wines in the U.K. The Company seeks a Financial Accountant to be based in London.

The Financial Accountant will report to the Group Financial Controller and will be responsible for preparing budgets, management accounts and financial accounts and for producing costing and other management information. He/she will also be responsible for the day-to-day running of the accounts department; a computerised accounting system is in operation.

Applicants must be qualified accountants with sound experience in industry or commerce. Salary will be negotiable up to £9,000 p.a.

Please write or telephone for an application form, quoting ref. 851, to: W. L. Tait, Touche Ross & Co., Management Consultants, 4 London Wall Buildings, London EC2M 5UJ. Tel: 01-588 6644.

CINZANO

APPOINTMENTS RATE
£14 per single column centimetre

# Financial Controller

Leeds, c. £10,000 + car

This specialist manufacturing company (t/o £5m) who are major suppliers to the printing industry have made rapid strides in recent years both in technical innovation and profit terms. They now wish to appoint a Financial Controller who will report to the Managing Director. Candidates, aged around 35, must be Chartered Accountants, trained in a small firm and with good all round industrial experience in a professionally managed company. Any exposure to computers will be an added advantage. They will be hard working, down to earth, ambitious and keen to succeed.

*J.R. Featherstone FCA, Ref: 12165/FT.*

Male or female candidates should telephone in confidence for a Personal History Form to:
LEEDS: 0532-448661, *Minerva House, 29 East Parade, LS1 5RX.*

**Hoggett Bowers**
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

# M.W. Marshall & Company Limited

has several vacancies for experienced Currency Deposit and Foreign Exchange dealers. Excellent salary and conditions of employment are offered to suitable applicants.

Applications in writing or by telephone will be treated in confidence and should be addressed to:

**Staff Director,**
**M.W. Marshall & Company Limited,**
**52 Cannon Street, London EC4N 6LU**
**(01-236 3161).**

SOUTH OF SCOTLAND ELECTRICITY BOARD

# CHIEF ENGINEER

The Board is looking for a fourth Chief Engineer to undertake a range of interesting and challenging duties.

The successful candidate will have management responsibility for a number of engineering services including safety, long term planning and common services for the control of large projects.

The central requirements for the post are drive and the intellectual quality to control a range of engineering activities, backed by achievement in senior engineering management. Experience in all the areas listed is not essential but responsibility for construction or operation of large power stations, or nuclear engineering, will be an advantage.

The ability to lead negotiations with outside bodies and to present the Board's case at public meetings is important.

Salary for the post will be not less than £13,500 per annum.

Please write to the Chairman, South of Scotland Electricity Board, Cathcart House, Glasgow G44 4BE not later than 11th August, 1978.

# Financial Analyst

Aged under 27
Hertfordshire, c. £7,000

Our client is the UK subsidiary (t/o 100 million) of one of the largest US manufacturers of fine chemicals. To strengthen their compact financial planning and problem-solving team they now require a young qualified chartered accountant of graduate calibre. They offer an effective exposure to sophisticated techniques in a manufacturing environment. The fringe benefits are excellent.

*Mrs. Indira Brown, Ref: 19092/FT.*

Male or female candidates should telephone in confidence for a Personal History Form to:
LONDON: 01-734 6852, *Sutherland House, 5/6 Argyll Street, W1E 6EZ.*

**Hoggett Bowers**
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

SHEFFIELD STOCKBROKERS
have a vacancy for an

# ANALYST

to join our expanding research, institutional sales and portfolio Management Team.

We can offer an attractive and interesting opportunity to a person who has had at least two years' experience in investment analysis. Knowledge of the engineering sector together with Stock Exchange practice would be an advantage.

The prospects are excellent for the right person, salary will be negotiable commensurate with experience.

Application in writing in confidence to:
Senior Partner, J. W. Nicholson & Sons,
P.O. Box 132, 13 Fargate, Sheffield S1 1LE.

# Overseas Investment

Our expanding international team are seeking additional staff who can contribute some years' experience of investment in Wall Street. Responsibilities include:

- Identifying potential investment opportunities.
- Establishing and maintaining contact with stockbrokers and companies.
- Producing written reports and liaising with management.

A competitive remuneration package will be offered.

Applications with curriculum vitae and details of present salary should be forwarded to:

D. Woodward, Personnel Manager,
County Bank Limited,
11 Old Broad Street, London. EC2N 1BB

**County Bank**
A member of the National Westminster Bank Group

# FINANCIAL ANALYST

CITY — ATTRACTIVE SALARY + BONUS

Bland Payne Limited, a leading firm of international Lloyd's insurance brokers, has an opening for someone who has knowledge and skills in financial or investment analysis and would like to build on this experience in the City. Working as part of an enthusiastic team under the Financial Director, interpreting and making recommendations on a variety of financial matters, the successful applicant will require the ability to communicate successfully at a senior level and to accept increasing responsibility. We offer an attractive starting salary and excellent fringe benefits.

Please phone or write with full details to: Miss E. M. Edgerton, Personnel Manager,

## Bland Payne Limited

Sackville House, 143/152 Fenchurch Street,
London EC3M 6BN.
01-623 8080.

# Assistant Company Secretary

*for an international group which provides vital services to industry and householders; worldwide sales of £50m., half in the UK. Sales and profits have both doubled in the last five years and growth and diversification continue.*

*The Assistant Company Secretary is accountable to the Group Finance Director/Company Secretary for most of the secretarial activities and some financial responsibilities which together include insurance, pensions administration, price control, investments and exchange control.*

*Candidates preferably aged 28 to 35 should be ACIS or qualified accountants with secretarial experience now seeking greater scope and responsibility. Prospects for promotion to Company Secretary.*

*Salary negotiable around £8,000 plus car. Location Sussex.*

*Please send brief details, in confidence, ref. B.43548, to David Bennell, MSL, 17 Stratton Street, London W1X 6DB.*

*This appointment is open to men and women.*

MSL SPECIALIST RECRUITMENT
CHARTERED SECRETARY

# ASSISTANT SYSTEMS AUDITOR

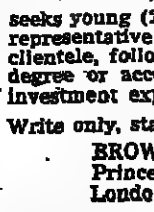
The diverse activities of the UDT Group of Companies include the provision of banking and financial services, as well as a variety of industrial interests.

Our well-established Group Inspectorate Department, based at our Head Office in the City, is responsible for the audit function within the Group.

We now wish to recruit a qualified or part qualified Accountant to carry out systems audits, principally within our banking and financial services companies. The work is mainly in London, with some travelling within the U.K.

We offer a fully competitive salary, based on qualifications and experience, and other benefits include non-contributory pension and life assurance, luncheon vouchers and, after qualifying service, mortgage subsidy and staff loan schemes. There will be opportunities to move on, in due course, to other posts within the Group.

Please write or telephone for an application form to:



Mr. K. J. Ridge,
Group Personnel Services Department,
United Dominions Trust Limited,
51 Eastcheap, London EC3P 3BU
Tel. 01-623 3020 ext. 85.

# Laurie, Milbank & Co

*Members of The Stock Exchange*

## MONEY

An exceptional opportunity exists for a potential Partner in our Money Department. Candidates ideally would be aged about 30 with experience of sterling markets. They must have the personality and ability to handle money negotiations at the highest level.

*Apply in confidence to:*

A. P. Scott, Esq.,
Laurie, Milbank & Co.,
Portland House, 72/73 Basinghall Street,
London EC2 5DP

# SERVICES OFFICER—BANKING

**Age 35-50** — **£6,000+**

Expanding International Bank seeks mature person to assume responsibility for all aspects of premises and services administration. Specific duties will include negotiations with suppliers in respect of purchasing and maintenance, control of stationery, printing, office equipment, catering and insurances. The successful applicant will also be expected to deal with all related correspondence and documentation. A banking background would be advantageous, and previous experience in the City is essential.

*In the first instance, please telephone, in confidence, Rod Jordan*

## F/X SUPERVISOR

**Age 22-25** — **£4,750**

Unusual opportunity for young Banker to control section of active Settlements Dept. A minimum of 2 years' experience in F/X Back-up is essential—as is the ability to supervise staff.

*Please telephone* Brian Durham

## CREDIT ANALYST

**Age 24-26** — **£6,500**

Rapidly expanding Bank in City requires ambitious young Banker with minimum of 2 years' Analysis training from within U.S. Bank. Superb prospects for early advancement. Fringe benefits include profit sharing.

*Please telephone* Mark Stevens

*If you are seeking to further your career in Banking, our Consultants would be only too pleased to discuss your requirements*

**BANKING PERSONNEL**
41/42 London Wall · London EC2 · Telephone: 01-588 0781

# NEW YORK MEMBER FIRM

seeks young (20s) person as Account Executive in the London representative office to service U.K. institutional investment clientele, following training period in New York. University degree or accounting background preferable. Previous U.S. investment experience would be helpful.

Write only, stating age and details of background and career.

BROWN BROTHERS HARRIMAN & CO.,
Prince Rupert House, 64 Queen Street,
London EC4R 1AD.

هكذا من الأصل

C&L

Jeddah — to £20,000 tax free

# GROUP TREASURER

**The Client** A major Saudi owned group with largely expatriate management, expanding rapidly, and engaged in importing, distributing and selling private and commercial vehicles.

**The Job** A new post, based in Jeddah, reporting to the Vice-President of Finance, with responsibility for all aspects of cash management.

**The Candidate** Aged 28-35. Preferably a chartered accountant whose career to date has included at least 2 years with a medium to large sized group in industry or commerce. Experience of negotiations with banks, credit control procedures, negotiation and interpretation of contracts, and capital expenditure appraisal would be particularly appropriate.

**The Package** Starting salary at around the Rials equivalent of £20,000, including bonus. Car. Furnished air conditioned accommodation provided. Education allowance. 30 days' home leave per year.

Brief but comprehensive details of career, salary to date and marital status, which will be treated in confidence, should be sent to:

E. H. Simpson, The Executive Selection Division – SF740,
Coopers & Lybrand Associates Ltd., Management Consultants,
Shelley House, Noble Street, London, EC2V 7DQ.

C&L

Herts — up to £15,000 + car

# FINANCIAL DIRECTOR

Our client, a well established and highly regarded mini computer manufacturer with a growing interest in the software market, is seeking a Financial Director to control all financial and accounting aspects of the company's operations.

Reporting to the Managing Director, the Financial Director will combine sound financial and commercial skills with the strength of personality to meet the demands of a fast changing business environment.

Candidates should be qualified accountants in their mid to late 30's who have several years' experience of financial and management accounting, more recently at a senior level in a fast developing, preferably high technology, industry. This background should be complemented by a good knowledge of data processing and accounting systems development and the ability to work well under pressure.

Remuneration negotiable up to *£15,000* with car and particularly attractive fringe benefits.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

E. J. Robins, The Executive Selection Division – RF530,
Coopers & Lybrand Associates Ltd., Management Consultants,
Shelley House, Noble Street, London, EC2V 7DQ.

# MONTAGU, LOEBL, STANLEY & CO.

## Equity Institutional Department

Due to further expansion an attractive opportunity exists for a young experienced

**INSTITUTIONAL SALES EXECUTIVE**

to join the present team.

Salary will be negotiable according to experience.

Please reply in confidence to:

Mr. P. T. Baker,
Montagu, Loebl, Stanley & Co.,
*31, Sun Street, London, E.C.2.*
Tel: 01-377 9242.

# Admin. Partner (Designate) Stock Broking

South West
c. £8,000

*The job carries responsibility for the entire* administration of a major independent firm of stock brokers. It calls for a person aged around 30-50 who can show substantial experience in business *administration*, including accounting, and who has a personal interest in the stocks and shares market, ideally gained by working in a stock broking firm.

Given the ability to manage this function, to develop client relationships and to pass the stock exchange examinations, it should lead to an early partnership.

The method of remuneration is open to negotiation over a very wide range. Generous assistance with removal expenses will be given to the right person.

Applications, which will be treated in strict *confidence, should contain relevant details* of career and salary progression, age, education and qualifications.

**Please write to A. C. Crompton quoting reference 714/FT on both envelope and letter.**

**Deloitte Haskins+Sells**
Management Consultants
**128 Queen Victoria Street, London EC4P 4JX**

# ROWE & PITMAN, HURST-BROWN

## Insurance Shares—Investment Analyst

Rowe & Pitman, Hurst-Brown has a vacancy for a junior investment analyst in the insurance sector, where the firm has a long established specialisation.

Candidates will be expected to have had some experience of either investment analysis or the insurance industry.

An attractive remuneration package of salary and profit sharing bonus is offered, together with a non-contributory *pension scheme incorporating good life cover.*

*Apply with full CV to:*

P. N. Smith, Esq.,
Messrs. Rowe & Pitman, Hurst-Brown,
1st Floor, City-Gate House,
39-45 Finsbury Square, London EC2A 1JA.

# ACCOUNTANT

**BERMUDA**

Ref: No. 38731

Major Insurance Group requires a qualified CHARTERED ACCOUNTANT for their Bermuda office. Excellent conditions of service.

Age group approximately 27/35 years.

Salary $18,000 p.a.

*Please telephone in confidence.—*

EILEEN MILLER
I.P.S. Group
(Employment Consultants)
01-481 8111

# Director

## Planning & Administration

This new appointment will report to the Managing Director of a successful North Midlands £10m. plus turnover company which manufactures medium weight iron based industrial products. It is part of a major group, has a sound *technological record and will* shortly complete a capital programme of several £ms.

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THE CHANNEL ISLANDS BY ROBIN MAXWELL-HYSLOP

# Tax havens: the limitations to self-government

IN SOME respects the Westminster Parliament has always claimed the right to legislate for situations external to Great Britain, for example, in the field of criminal law, piracy on the high seas anywhere outside British jurisdiction, and treason committed anywhere. It will be remembered that "Lord Haw-Haw," hanged for treason, was not a British subject, and his acts were committed in Germany; but at one stage he had employed a British passport, which event cost him his neck In the civil field, adultery is not ignored in British family litigation because the act took place in Albania (or even, hypothetically, on the moon) rather than within the British Realm.

For Westminster to impose legislation, particularly tax legislation, on persons who were normally domiciled in the UK, but who have taken up tax-residence hopefully in the Channel Islands, constitutes no novelty of principle and no constitutional outrage. The same could not be said, however, were the Westminster Parliament to pass taxation laws applying to Channel Islanders native-born, since from time out of mind that has been a field reserved exclusively for self-government within the Channel Islands.

We must not forget, however, that the large degree of independence which the Channel Islands have possessed for so many centuries, and which they *still* possess, depends in the last analysis upon the continuing willingness of the UK Government and Parliament to respect the spirit of the special relationship. To do otherwise would, in extreme cases, place the Crown in a position of acute embarrassment, as well as generating widespread popular resentment within the two islands. This spirit of mutual tolerance and respect for traditional relationships should not, in turn, be placed in a condition of unaccustomed strain by abuse of the special status of the Channel Islands as a tax-haven for persons or enterprises who have no natural *locus standi* there. For abuse is the father of unreasonable response.

So complex are the relationships between the Channel Islands and the UK that it is presumptuous even to employ the phrase "Channel Islands" except in a geographical sense. For constitutionally there are two distinct entities within that geographic term: the Bailiwick of Jersey (which exists, *sui generis*, with its own Lieutenant Governor, "States," and direct access to the Sovereign-in-Council), and the Bailiwick of Guernsey, also *sui generis*, with its own Lieutenant Governor, its own "States" (which, however, include within their constituency the islands of Herm, Jethou, Brechou and Lithou), plus Alderney and Sark.

## Complex

Alderney, in turn, has its own "States," though in some respects the States of Guernsey can legislate for Alderney as well; Alderney sends two representatives to the States of Guernsey, by right. In Sark, the legislature is termed the "Chief Pleas;" but the States of Guernsey can legislate in respect of criminal matters within Sark without the assent of the Chief Pleas, though on non-criminal matters the assent of the Chief Pleas must be given before legislation passed by the States of Guernsey is applied to Sark.

This web of legislative organs and inter-relationships is accompanied by a similarly complex and overlapping judicial system, independent of the British courts and not subject to review by them.

The dominant feature common to all the Channel Islands is the sovereignty of the Crown of England, as legitimate successor to the Duke of Normandy. But here we enter another area of arcane complexity, since it is as Queen of England, not as Queen of the United Kingdom of Great Britain and Northern Ireland, that the English Crown retains sovereignty over the Channel Islands.

To depart momentarily into the realm of hypothesis, it is arguable that should the UK be dissolved, and a separate republic or system of republics be created in its place, Elizabeth Windsor and her lawful issue would retain sovereignty over the Channel Islands.

When we turn to the ability of the UK Parliament at Whitehall to legislate for the Channel Islands, we must distinguish between the legal process of enactment, the power to enforce compliance, and constitutional propriety enshrined in custom and accepted practice.

Without doubt the UK Parliament can pass Bills, which would in the normal course of events receive the Royal Assent and become valid UK law, which purport to alter the law, civil or criminal, operative within the Channel Islands. It is equally clear that, since the UK is responsible for the defence of the Channel Islands, and possesses mobile armed forces, it could *in extremis* force its will upon the Channel Islands. Nor, in international law, could the Channel Islands (not being sovereign states) enter into defensive alliances with other powerful states to forestall such action by Britain.

It is certain also that while the UK could undoubtedly pass a Bill repealing Australian or Canadian independence, it would have the greatest conceivable difficulty in securing the enforcement of such legislation, even supposing that the Queen of Canada and the Queen of Australia, acting on the constitutionally given advice of the Prime Minister of each of those countries, did not decide to refuse the Royal Assent to such a Bill. So we have two classes of UK enactment: the enforceable and the unenforceable.

## Improper

There is also a third category of legislation, arguably, namely the category of constitutionally outrageous or improper legislation. For instance, when the power of the House of Lords to delay legislation passed by the Commons was curtailed by the Parliament Act of 1911, there was specifically excluded from this curtailment any legislation passed by the Commons the effect of which would have been to extend the maximum life of a Parliament beyond the span of five years. The object of this exclusion was to avoid this class of potentially improper legislation passing unicamerally.

This is the area in which discussion must centre as to the propriety (not the power) of the British Parliament to legislate for the Channel Islands on matters or within spheres interdicted by custom and practice.

An Act of the UK Parliament only applies to the Channel Islands if, within its text it is specifically stated that it so applies, or if it applies to all Her Majesty's dominions, or if the contents of the Act necessarily implies application to the Channel Islands. When it is desired to extend to the Channel Islands a UK Act's provisions, this is more often achieved by including within the Act a provision empowering such extension, suitably modified to accommodate the special circumstances of the Channel Islands, to be made by Order in Council. Though doubtless the Home Office consults both Bailiwicks before the final drafting of the Order in Council concerned, there is no joint organ of the two Bailiwicks and consultation has therefore to be a more protracted process than would be the case were such an organ to exist. Nevertheless, the fact remains that a UK Government could quite legally, if reprehensibly, pass legislation applying to the Channel Islands which is contrary to their interest, and without their agreement.

When the entry of Great Britain into the EEC was negotiated, the status after entry, and effect of membership upon the Islands, was the source of much apprehension. What emerged eventually was a very major "derogation" from the normal EEC rules, which is to be found within Protocol 3 to the Act of Accession. The most important aspects of this derogation was exclusion from the Common Agricultural Policy, from the common taxation provisions, and from the EEC rules covering the free movement of persons and services. In achieving for the Channel Islands this derogation, the UK mitigated the probability of the European Commission securing the practical ability to govern by regulation a wide spectrum of matters which fall outside the range for which it has been considered constitutionally acceptable for the UK Parliament to legislate for the Channel Islands.

*Robin Maxwell-Hyslop is Conservative MP for the Tiverton division of Devon.*



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# The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

## Yes, but what does advertising *do?*

***Even top marketers seem confused about the role and effectiveness of advertising. Nor can they agree on the most important single quality to be sought in an ad agency.***

***MICHAEL THOMPSON-NOEL describes a new report***

ASKED TO EXPLAIN why he continued to advertise his extraordinarily famous chewing gum so heavily and so heroically, Philip Wrigley replied: "Once you get the plane up in the air, you don't shut off the propellers." It was a neat enough aphorism, as aphorisms go, yet like most attempts to get to grips with the soul of advertising, to try to grasp precisely what it does, let alone how it does it, the remark reflected much of the magnificent uncertainty with which advertising and the advertising business is dogged.

It doesn't take a *Theodore Levitt* to point out that products don't sell themselves, that they need to be ballyhooed and adumbrated, surrounded by excitement, embellished, elaborated, amplified, enriched, perfumed, styled, coloured and cosmeticised.

In part, that is advertising—the provision of information, *inspiration* and enthusiasm. But is it *selling*? Attempts to define the role, let alone the value and effectiveness, of advertising are notoriously difficult. According to Jeremy Bullmore of J. Walter Thompson: "The almost infinite number of different users, uses, aims, purposes, motives, audiences, media and methods makes the question 'What is advertising?' peculiarly difficult to answer."

*According* to a survey conducted over the past year on behalf of the advertising agency Wood, Brigdale and *Company*, some of the greatest confusion over advertising is to be found in the ranks of the very men who commission and pay for it: the marketing professionals themselves.

According to the report's author, John W. Wood, chairman and joint managing director of Wood, Brigdale: "In comparison with the huge sums spent on advertising, a trifling amount *is known* about what yield advertisers expect from this investment and what they expect from the advertising companies through which they make it. The argument most frequently heard in support of advertising is the efficiency with which advertising produces sales and hence, ultimately, protects and creates jobs."

But how do the expectations and requirements of marketing professionals tie in with that argument? Specifically, to what degree do they expect or require advertising to sell their companies' products?

Among the main findings of the report were these:

- Only five of 50 respondents considered advertising to be vital to marketing, while more than *half (27)* judged it as not very important.
- Of the total sample (50 marketing executives in 35 blue chip British companies), virtually four-fifths thought that advertising's key *function was to accomplish tasks other than* selling. Only a fifth thought that its prime function *was* to sell. Among the four-fifths there was little agreement as to the central role of advertising. Eight thought it was to hold consumers' interests, four that it was to keep in touch with consumers, two that it was to encourage distribution.
- The notion of advertising "creativity" was found to mean virtually all things to all men. The most agreed description was "An ability to produce memorable advertising." This view was held by 21 respondents, but there was wide disagreement about the *memorability* of any particular campaign.
- Return on *investment* seems *simply not* to be a factor in assessing advertising. Only three of the 50 put "*value for money*" as the most important quality they looked for in an agency's advertising. This was consistent with the fact that none of the respondents listed the ability to sell products as an important skill for an advertising agency to possess. Only one respondent thought creativity could be linked to sales results.
- Size is generally discounted as a key factor in agency assessment. Of the 50 respondents, 15 thought size totally irrelevant when assessing an agency's potential. Of those to whom size did matter, nine preferred large agencies, seven preferred small to medium-sized shops.
- There is *major disagreement* over the value of agency presentations. Six respondents judged presentations to be of little or no value; only five thought them vital; seven considered them an unfortunate necessity.
- As would be expected from the almost complete generality of the word "creative," the 50 respondents suggested 37 separate agencies as being a "main creative agency." Companies *most often mentioned were JWT (14 mentions),* Collett, Dickenson, Pearce (12) and Saatchi and Saatchi Garland Compton (8).
- There is little agreement as to which agencies are up-and-coming. The company with the most support, Saatchi's, was mentioned by only 10 of the respondents, followed by Allen, Brady and Marsh (6), and CDP and Boase Massimi Pollitt Univas (5). A total of 28 companies were mentioned in this context.
- There is a relatively large (though still minority) measure of agreement concerning which agencies are considered to be top when defined as a mixture of size, creativity and overall capability. The winners here were JWT and Masius.
- Finally, are agencies regarded by their clients as parasites? According to the report: "*This most hallowed* pejorative concerning advertising was found to be running out of support." Fourteen respondents *considered* the assertion that agencies were superficial and living off the fat of the land as "no longer true"; 11 thought the statement had never been true; a further 11 thought the assertion probably held more than a grain of truth.

The survey was carried out for Wood, Brigdale by Davis Ives Associates and involved depth interviews with 50 marketing executives *representing 35 major U.K. advertisers*. Industries represented included food, drink, cosmetics and toiletries, *pharmaceuticals, household* products, tobacco, durables, insurance, banking and the motor industry. Of the 35 companies, 11 have a turnover in excess of £1bn, 13 a turnover of £100m to £1bn; only seven a turnover of less than £50m.

The respondents, according to Wood, Brigdale, ranged from senior brand managers to managing directors. The broad middle *segment was comprised of marketing directors.* Three-quarters of them are said to have direct *responsibility for advertising budgets and most* of them are reported to exercise direct influence in the choosing of their companies' agencies. The 35 companies in the sample represented 103 advertising accounts spread among 49 agencies, including the leading 18 in the current top billings list.

Wood, Brigdale says it would have liked to poll a larger number of top marketers. But John Wood says the survey produced a remarkably consistent response pattern.

*According to his report:* "We *sought* to determine the most vital element of marketing generally and we sought to determine the importance of advertising to marketing specifically. The findings are notable for two reasons. First, they reveal an almost complete lack of agreement as to the most important element of marketing. Second, they reveal a surprisingly low level of agreement as to the importance of advertising."

Remarking that advertising frequently *accounts for at least 50 per cent of the total* hmarketing budget, Mr. Wood says that to find *that* advertising is considered to be the most vital element in marketing by less than a quarter of his respondents is to be faced with the possibility that perhaps it should be argued that typical advertising expenditures are too high.

"Much of the confusion seems to derive from the *opinion of advertising*, evident among marketing professionals, as a discipline responsible chiefly for producing a constant payout of images, memories and associations rather than a concrete payout *of sales*."

One of the most vexed of the many questions raised or at least revived by this report is the question of return on advertising investment. According to the report: "Value-consciousness in terms of return on investment was not a factor among marketing professionals *when assessing either advertising or advertising* agencies. This is particularly interesting in view of the popular assumption that whereas both advertisers and agencies may not have been sufficiently budget-conscious in the profligate Sixties, the exigencies of the Seventies had made both more subject to and responsible to financial accountability. This appears not to be the case, at least in so far as marketing executives' *expectations from* advertising are concerned.

"No respondent mentioned value for money as an important criterion by which to judge an advertising company. However, when asked specifically to consider value for money two respondents placed it first. This is consistent with other findings from the survey demonstrating a low expectation of actual return from *advertising. It is important to distinguish* between two sorts of value for money in relation to advertising. The first is the price paid for services and the production of advertisements, versus expected return. The second is the amount spent on whole campaigns, versus expected return. There is evidence that while both receive scrutiny, the scrutiny is generally not related to expected return in any but the most *vague sense*.

"There is evidence, too, that the former receives more scrutiny than the latter. Certainly if there is little agreement as to what return can be expected from advertising then it *is* clearly impossible to determine whether or not value per pound has been achieved. The pervasive feeling seems to be that advertising is good value if agreed budgets are not exceeded and the advertiser judges himself pleased with the work and service provided."

*This is* a provocative report. Why did John Wood commission it, for its publication is unlikely to endear himself to some of his more ostrich-like colleagues? His agency bills £2m and includes Princes Buitoni, Smith and Nephew, Cadbury Schweppes and the First National Bank of Boston on its client list.

"I had two motives," he said last night. "The first was selfish: I really did want to know *what was important to managing directors* and marketing companies. Second, and much more important, my own industry gives every appearance of the greatest sophistication. We have highly advanced techniques at our disposal for researching the value and effectiveness of the work we do and yet the people who finance *these techniques make very little use of them* to examine the sort of questions we have tried to cover. I hope this report helps contribute towards a more disciplined approach to understanding the uses and impact and sales effectiveness of advertising. Anyone can compose a jingle along the lines that advertising equals profit equals prosperity. What we've got to do is prove it."

*The Instrument of Advertising. Wood, Brigdale and Company. £24. Kent House, Market Place, London, W.1 (01-636 3152).*


## McVitie's £20m bite

NEXT TIME you crunch into a McVitie's Digestive you may like to know you're biting into what this year will become one of only two £20m UK biscuit brands, the other being McVitie's Chocolate *Homewheat*.

According to a new study by UB (Biscuits), the digestive is one of those relatively rare food sectors currently enjoying real growth, its own McVitie's brand alone generating 5 per cent of grocers' total biscuit sales—5m *are eaten every day*.

Between 1973 and last year, says UB, packet sales of digestives grew from 84m a year to *nearly 138m, a volume growth* of more than 64 per cent. This *year's projected volume increase* is between 12 and 13 per cent. Over the same four-year period the sterling value of the digestive biscuit market has increased by nearly 300 per cent so that this year further growth is expected to boost the sector to more than £32m at rsp through grocers.

This makes the digestive more valuable than many other basic grocery markets, including pastes and spreads (£24m rsp via grocers last year), toothpastes (£22m), instant potato *(£20m), packet soups (£19m)*, instant milk (£15m) or baby foods (£9.5m).

UB says the McVitie's Digestive accounts for more than 65 per cent of grocery sales in its sector and that to promote further growth this year it is significantly increasing its level of support, spending well over £500,000 via Masius on national *TV and women's magazine* advertising. UB will also back the *brand with more than £1m-worth* of promotion at the point of sale via consumer competitions and premium offers, etc., making it Britain's most heavily supported biscuit.

The enthusiasm of UB knows no bounds. In support of its brand it offers tailor-made promotions stressing the digestive's claimed versatility—linking it with peaches and cream, leading branded cheeses—even marmalade.

## IPC spending £1.6m this autumn

*IPC MAGAZINES* will spend £1.6m-plus on autumn promo*tion for its women's weeklies* and monthlies, leisure interest and other journals. Activities include a new magazine, *Soccer*, to complement *Shoot*, and first-time use of TV for *Honey* and *19*. There is also a raft of cover-mounted give-aways plus TV, Press and radio support.

The graph for sales of the big four—*Woman, Woman's Own, Woman's Realm* and *Woman's Weekly*—between January-June shows a healthy rise towards an aggregate 5.4m, with *Woman's Own* reaching for 1.6m and *Woman* approaching 1.55m. The weeklies will get £760,000 of support, the major monthlies £321,000, young women's interest mazagines £174,000, football £220,000, practical publications £75,000 and the leisure sector £100,000.

Of equal interest to the trade will be an "Index of Performance" to be sent out for the first time which includes targets set by IPC. Pat Barnes, circulation director, reckons this is possibly *the most refined measuring* device in the publishing trade. It gives the wholesalers a run-down by region, town or group of what the house has achieved since September, 1977.

## Viewers can talk back

THE LATEST in two-way TV research systems reported from the U.S. is designed to allow consumers to talk back, as it were, to advertisers or agencies or even politicians or programmers come to that.

The system is being marketed by R. D. Percy of Seattle. Each time a viewer wants to react he pushes one of six buttons on a desk-top terminal which represent a good-to-ghastly range of responses. Viewers can *also* simply cut ads off the screen.

The computer monitors each home continuously and a display shows *whether* a TV set is on, what channel is being watched and *whether one of the buttons* is being pushed. The information is instantly available to clients at the computer centre.

Roger D. Percy, formerly with McCann-Erickson, is the creator of the system and counts General Foods and Sears Roebuck among his clients.

Percy undertook a study for Seattle City Light to find out how *interested* the public was in the energy question. *President Carter got* high ratings for comments on solar energy and insulating homes: when he called for more competition between the oil companies he got an 88 per cent approval on the Percy score board.

At this stage Percy is only using 35 Seattle families but he is *planning* to raise the figure to 200 and extend the number of response buttons to ten.

## Smurfs take over

YOU LOVE THEM or you loathe them. Either way, the Smurfs are rapidly consolidating their reputation as one of the most timely, most successful retail promotions of recent years. Smurfs? They're National Benzole's little blue men, a range of Disneyesque characters which made their bow on May 20 and have since made remarkable progress towards meeting two of their prime objectives.

The first is to cheer things up on petrol forecourts to help dispel some of the unbearable earnestness of the petrol price war. *The second is to help* bolster retailer profits via the sale of Smurf *merchandise which* includes Smurf figurines (minimum recommend retail price: 36p), play sets (£1.40), T-shirts (£1.43 to £1.75) and sew-on badges (28p).

Ben Earl, National's promotion and advertising manager, says £1m worth of Smurf merchandise has already been moved. At present, out of a *total of* 2,100 National Benzole retailers in England and Wales, the promotion is being handled by approximately 1,260 who between them account for 85 per cent of National's volume sales. The majority are said to be *selling upwards of £200 worth* of Smurfandise a week at a probable margin of around 15 per cent (some are charging more), giving them at least £30 a week in extra profits.

One customer in the West Country bought £18 worth of Smurfs in a single swoop. Re-orders are now rolling in, some at £700-plus a time. As a help*ful boost, the Smurf song,* the rights to which are owned by Decca, not National, is at No. 2 in the hit parade, jostling John Travolta and Olivia Newton-John at No. 1.

"We reckon that a National dealer with Smurfs can sell his petrol at a 1p a gallon more than *the neighbourhood opposition* without any loss of volume," *says Mr. Earl.* "At price parity plus Smurfs he should definitely be putting on sales, though I must stress this is by no means primarily a gallonage exercise. The main aim is to increase retailer profitability. Four-*fifths of National dealers* are independents. There are no *company-managed sites at all so* we can't dictate to our dealers. We can only persuade."

At the start of the year, National had 5.3 per cent of UK petrol sales, putting it sixth in the retail pecking order. The background to Smurfs is the glum state of petrol retailing, a market characterised by excess supply, fierce price-cutting and exceedingly cramped profits for retailer and supplier.

The market this year should total 4.8bn gallons worth £3.65bn—a far cry from the 6bn gallons or so expected by the oil companies in the early 1970's before the oil crisis and its aftermath of doubled petrol prices, the start of the trend towards *smaller-engined cars* and heightened consumer interest in mpg. *Although the market is now perk*ing up slowly—this year's volume sales are expected to show a 1.5 to 2 per cent gain on '77—the excess supply situation will persist for several years.

The National brand has been more vulnerable than most. In 1965 National Benzole had 4,800 sites. *By the early 1970's* this had fallen to 3,503, mainly via natural wastage. *In 1973, at the* split up of Shellmex and BP (National going to BP), Shell took over a further 1,300 National sites so that in eight years National's outlets were effectively halved.

*At the start of this year* National told Leo Burnett, its advertising agency for the past 59 years, that it had bought the UK rights to the Smurfs. The Smurfs had already scored some promotional success for BP in *Holland*.

"At a time when Esso and Shell were running campaigns whose key selling point was the sheer size and scope of their organisations," says National, "there was clearly an opportunity *for the more personal touch*." As a result, the target audience for £500,000 *worth of Smurf media* advertising this year is 17-24-year-olds, motorists with children and National Benzole dealers themselves.

The campaign aims to stress the *friendly* and helpful service *motorists are assured* they will get at National stations. The slogan: "Service with a *Smurf*." In all, the Smurf promotional package is costing £1m this year. National says it is the most it has ever spent (in real terms) in such a space of time.

There is also plenty of local advertising in progress, with Burnett supplying local Press layouts and radio tapes. The production costs are free and *National will pick up 50 per cent* of the tab. National's dealers have been told that a whole range of follow-up Smurf merchandise is in production: more figurines, posters, children's books, mugs, carrier bags.

In the fullness of time the nation will no doubt tire *of* the little blue blighters. But National has made its point.

M.T-N.





*NOTICE OF REDEMPTION*

**To the Holders of**

# ENTE NAZIONALE IDROCARBURI

**E.N.I.**

**(National Hydrocarbons Authority)**

**6% Sinking Fund Debentures due February 1, 1981**

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on August 1, 1978 at the principal amount thereof $1,084,000 principal amount of said Debentures bearing the following serial numbers:

**DEBENTURES OF U.S. $1,000 EACH**

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| M-44 | 722 | 1481 | 2092 | 3078 | 4813 | 5654 | 7108 | 7871 | 9474 | 13425 | 14128 | 15448 | 16346 | 17619 | 18319 | 19285 |
| 47 | 738 | 1484 | 2103 | 3088 | 4867 | 5657 | 7165 | 7880 | 9479 | 13426 | 14137 | 15454 | 16351 | 17633 | 18324 | 19298 |
| 96 | 742 | 1488 | 2165 | 3093 | 4870 | 5658 | 7176 | 7885 | 9570 | 13430 | 14146 | 15469 | 16352 | 17634 | 18336 | 19300 |
| 108 | 744 | 1509 | 2170 | 3097 | 4897 | 5660 | 7177 | 7888 | 9641 | 13433 | 14151 | 15499 | 16355 | 17644 | 18359 | 19301 |
| 118 | 746 | 1515 | 2182 | 3098 | 4905 | 5670 | 7204 | 7902 | 9651 | 13445 | 14158 | 15500 | 16367 | 17645 | 18406 | 19310 |
| 120 | 770 | 1542 | 2187 | 3099 | 5091 | 5672 | 7209 | 7964 | 9668 | 13465 | 14164 | 15554 | 16389 | 17664 | 18492 | 19322 |
| 132 | 775 | 1564 | 2191 | 3140 | 5094 | 5675 | 7211 | 7974 | 9725 | 13475 | 14184 | 15568 | 16397 | 17678 | 18586 | 19323 |
| 134 | 796 | 1571 | 2200 | 3141 | 5102 | 5681 | 7242 | 7986 | 9727 | 13480 | 14204 | 15571 | 16408 | 17704 | 18625 | 19358 |
| 137 | 798 | 1594 | 2247 | 3161 | 5104 | 5716 | 7249 | 7990 | 9739 | 13481 | 14207 | 15577 | 16422 | 17706 | 18643 | 19372 |
| 157 | 812 | 1603 | 2361 | 3167 | 5124 | 5719 | 7250 | 7999 | 9744 | 13484 | 14223 | 15651 | 16437 | 17711 | 18651 | 19373 |
| 163 | 816 | 1610 | 2363 | 3169 | 5127 | 5741 | 7252 | 8055 | 9752 | 13486 | 14226 | 15687 | 16446 | 17733 | 18654 | 19379 |
| 205 | 823 | 1617 | 2382 | 3170 | 5131 | 5744 | 7254 | 8063 | 9757 | 13500 | 14228 | 15688 | 16460 | 17738 | 18655 | 19385 |
| 212 | 836 | 1629 | 2384 | 3218 | 5136 | 5750 | 7260 | 8064 | 9775 | 13510 | 14236 | 15692 | 16472 | 17751 | 18759 | 19389 |
| 226 | 849 | 1631 | 2394 | 3222 | 5158 | 5751 | 7274 | 8070 | 9776 | 13518 | 14256 | 15707 | 16473 | 17752 | 18767 | 19392 |
| 231 | 861 | 1635 | 2409 | 3224 | 5171 | 5796 | 7294 | 8072 | 9781 | 13521 | 14261 | 15741 | 16505 | 17783 | 18775 | 19407 |
| 233 | 875 | 1645 | 2414 | 3226 | 5180 | 5798 | 7297 | 8078 | 9807 | 13538 | 14270 | 15762 | 16511 | 17798 | 18790 | 19411 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 504 | 1320 | 1958 | 2819 | 4193 | 5497 | 6943 | 7704 | 8726 | 12729 | 13984 | 15187 | 16182 | 17305 | 18119 | 19119 | 19775 |
| 513 | 1323 | 1962 | 2853 | 4197 | 5503 | 6945 | 7706 | 8760 | 12730 | 14001 | 15188 | 16194 | 17335 | 18132 | 19128 | 19776 |
| 525 | 1330 | 1967 | 2855 | 4202 | 5511 | 6953 | 7719 | 8768 | 12805 | 14012 | 15306 | 16198 | 17338 | 18148 | 19130 | 19815 |
| 527 | 1340 | 1968 | 2857 | 4213 | 5519 | 6971 | 7728 | 8777 | 12905 | 14014 | 15312 | 16210 | 17361 | 18150 | 19153 | 19831 |
| 538 | 1348 | 1984 | 2887 | 4218 | 5520 | 6987 | 7727 | 8778 | 12923 | 14023 | 15315 | 16217 | 17433 | 18178 | 19174 | 19889 |
| 540 | 1364 | 1986 | 2898 | 4238 | 5522 | 7034 | 7746 | 8781 | 12924 | 14048 | 15317 | 16240 | 17441 | 18196 | 19180 | 19890 |
| 551 | 1390 | 2005 | 2913 | 4239 | 5539 | 7037 | 7747 | 8836 | 12985 | 14068 | 15335 | 16244 | 17474 | 18208 | 19190 | 19893 |
| 565 | 1392 | 2030 | 2934 | 4427 | 5552 | 7040 | 7783 | 8845 | 12990 | 14069 | 15344 | 16256 | 17476 | 18213 | 19194 | 19925 |
| 607 | 1399 | 2031 | 2957 | 4598 | 5576 | 7041 | 7798 | 8877 | 12992 | 14081 | 15346 | 16273 | 17504 | 18235 | 19224 | 19934 |
| 608 | 1401 | 2035 | 2962 | 4607 | 5592 | 7043 | 7804 | 8899 | 13385 | 14084 | 15390 | 16274 | 17516 | 18247 | 19228 | 19940 |
| 620 | 1436 | 2038 | 2965 | 4714 | 5603 | 7044 | 7813 | 8908 | 13372 | 14093 | 15403 | 16294 | 17522 | 18258 | 19237 | 19977 |
| 628 | 1437 | 2041 | 2970 | 4726 | 5605 | 7076 | 7817 | 8909 | 13374 | 14096 | 15422 | 16307 | 17531 | 18274 | 19243 | 19999 |
| 631 | 1443 | 2055 | 2976 | 4746 | 5614 | 7091 | 7822 | 9105 | 13396 | 14101 | 15423 | 16310 | 17548 | 18276 | 19246 | |
| 689 | 1445 | 2056 | 2978 | 4801 | 5626 | 7098 | 7824 | 9202 | 13405 | 14103 | 15424 | 16317 | 17579 | 18281 | 19259 | |
| 697 | 1473 | 2067 | 2998 | 4807 | 5633 | 7103 | 7825 | 9466 | 13410 | 14118 | 15436 | 16320 | 17588 | 18282 | 19275 | |
| 703 | 1476 | 2085 | 3010 | 4809 | 5639 | 7107 | 7863 | 9473 | 13412 | 14120 | 15440 | 16343 | 17618 | 18302 | 19278 | |

On August 1, 1978, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of **Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N.Y. 10015**, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due August 1, 1978, should be detached and collected in the usual manner.

From and after August 1, 1978, interest shall cease to accrue on the Debentures herein designated for redemption.

**ENTE NAZIONALE IDROCARBURI**

**By: MORGAN GUARANTY TRUST COMPANY**

**OF NEW YORK,** *Fiscal Agent*

June 29, 1978

**NOTICE**

*The following Debentures previously called for redemption have not as yet been presented for payment:*

**DEBENTURES OF U.S. $1,000 EACH**

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| M-1908 | 1995 | 2084 | 4583 | 10274 | 14911 | 14953 | 15796 | 16170 | 16204 | 16247 | 16284 | 16327 | 16373 | 16440 | 16533 | 16629 |
| 1912 | 1997 | 2096 | 4584 | 10279 | 14925 | 15089 | 15796 | 16174 | 16205 | 16251 | 16290 | 16329 | 16380 | 16458 | 16538 | 16631 |
| 1919 | 2001 | 2101 | 4739 | 10280 | 14928 | 15167 | 15997 | 16177 | 16207 | 16252 | 16302 | 16333 | 16381 | 16466 | 16545 | 16750 |
| 1921 | 2012 | 2102 | 9008 | 10282 | 14930 | 15190 | 16043 | 16180 | 16209 | 16264 | 16304 | 16339 | 16404 | 16481 | 16555 | 19717 |
| 1929 | 2028 | 2168 | 9106 | 10284 | 14936 | 15426 | 16049 | 16191 | 16213 | 16266 | 16305 | 16345 | 16409 | 16484 | 16567 | |
| 1931 | 2037 | 2173 | 9177 | 12352 | 14937 | 15449 | 16061 | 16195 | 16214 | 16267 | 16309 | 16348 | 16410 | 16486 | 16575 | |
| 1960 | 2046 | 2195 | 10267 | 12859 | 14938 | 15464 | 16162 | 16195 | 16221 | 16272 | 16316 | 16363 | 16428 | 16496 | 16605 | |
| 1980 | 2050 | 2204 | 10271 | 14513 | 14942 | 15471 | 16166 | 16200 | 16227 | 16277 | 16319 | 16369 | 16435 | 16520 | 16627 | |
| 1982 | 2052 | 4581 | 10273 | 14910 | 14945 | 15478 | 16168 | 16202 | 16232 | 16283 | 16322 | 16371 | 16436 | 16530 | 16628 | |

LOMBARD

# Don't shoot the pianist

BY PETER RIDDELL

ONE OF Mr. Denis Healey's favourite quips is about how one of his main ambitions as Chancellor has been to downgrade the importance of economic forecasts, or is it forecasters. Few would say that he had not made his personal contribution to this crusade, yet economic forecasters are flourishing as never before. In the last 10 days alone, more than a dozen detailed projections of the UK economy have appeared—enough for assiduous readers, if there are any, to become befuddled by seasonal adjustments and underlying trends.

## Tulip mania

My colleague Samuel Brittan has likened the post-war craze for short-term economic forecasting to the tulip mania of 17th century Holland and the Cargo Cults of the South Seas. There is certainly something slightly odd, if not bizarre, about the hallowed position which the regular National Income Forecasts now occupy in the Whitehall scene and in the profusion of projections and guesses produced outside Government. But there is presumably a reason for this craze, as shown, for example, by the eagerness with which the opening-up of the Treasury model to outsiders has been exploited. Forecasters would clearly not exist in such numbers if there was not a market for their work.

The answer is partly circular in the sense that since macro-economic models exist they will be used because we do not have other methods of looking into the future outside astrology. Their profusion can in part be explained by the fact while no single forecaster has a immaculately correct record, the errors are not so great as to make the whole enterprise appear ridiculous.

In the latest Economic Outlook from the London Business School, Professor Jim Ball, himself a prominent practitioner, compares the forecasting performance of his own organisation, the Treasury and the National Institute. He concludes that apart from 1975 when forecasters throughout the world failed to predict the extent of the recession, forecasting performance has been creditable and there is not much to choose between the separate teams. On an annual basis, excluding 1975, the growth of Real Gross Domestic Product has on average been forecast within one per cent and the increase in consumption has been forecast within ½ per cent.

The record on projecting the current account and the borrowing requirement has been less impressive, to put it politely. But these figures are, of course, the difference between two very large flows and there is inevitably a large margin of error. Forecasters only have themselves to blame for much of the criticism of not giving projections covering a range, rather than just a single figure.

The real issue is perhaps not so much the accuracy of the forecasts as such but the uses to which they have been put. Professor Ball notes that throughout the 1970s there has been "an excessive dependence on the short-term forecasts which, though interesting in themselves for certain purposes such as business budgeting and planning, should not have borne the weight that central government decisions have placed upon them.

"The problem of economic modelling is not to be confined to the generation of such short-term forecasts but is concerned with outlining general possibilities and constraints within the model's capabilities. It is often more important to understand the general direction of the consequences of particular policy acts over something like a four-year period than to dwell on the precision with which next year's Gross Domestic Product can be forecast."

## Understanding

In short, commonsense and an understanding of what is happening now are usually of more use than the print-outs from the black box. The various forecasts are indeed treated with a fair amount of scepticism by many actual decision-takers. Nevertheless, a social psychologist might be needed to explain the apparently widespread fascination with uncertain relationships between economic variables based on highly tentative assumptions; does this represent a lack of self-confidence in response to economic failure? Other more successful nations appear to pay less attention to such forecasts, even though they have them. The answer is not to do away with forecasts but to place them in their proper, and heavily qualified, place.

# Illuminating the law on liability

## BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THREE RECENT decisions, in Britain, France and Germany, illuminate various aspects of liability attached to vague or incomplete offers by brokers, agents and company management. They concern the insurance contract, investment advice and prospectuses inviting would-be investors.

If you ring up an insurance broker to ask for a cover note or tell him about a material change concerning your insurance contract, for example the replacement of your old car by a new one, and the broker answers: " . . . that will be all right, we will see to that . . ." are you covered or not from that time on? Giving judgment in *Stockton v Mason* Mr. Justice Arnold thought the answer was "No." He held that such an answer given by a broker's clerk on the telephone amounted to no more than a statement that the brokers would seek to negotiate a contract of insurance on behalf of the motorist. However, as the brokers failed to inform the motorist that they had not succeeded in doing so on the old terms the Judge decided that the brokers were liable for damages resulting from an accident, which was not covered by the terms of the modified policy.

It all happened rather quickly. The aforementioned conversation took place between Mrs. Mason and the broker's clerk on April 8, when she told him that her husband had replaced his Ford Anglia with an MG. On April 17, the brokers wrote to Mr. Mason telling him his new insurance policy restricted the driving of the new MG to himself. The letter was received after 5 pm on April 18, about one and a half hours after Mr. Mason's son had caused a serious injury to Mr. L. Stockton through negligent driving of the new MG. Mr. Stockton sued Mr. Mason Jr., and also as third parties, the insurance company and the insurance brokers. The judge awarded £46,000 damages against the brokers.

His judgment was however reversed in the Court of Appeal on June 26. Lord Diplock, Viscount Dilhorne and Lord Scarman, sitting as appeal judges, agreed that persons asking an insurance broker for a cover note regard him as the agent of the insurers. In the tripartite relationship between the broker, insurer and insured in the field of non-marine insurance it was well established that the broker had implied authority to conclude, on behalf of the insurers, temporary contracts, normally for 30 days unless terminated earlier by a notice. The insurance company and not the brokers will have to pay the damages.

* * *

INVESTMENT intermediaries and their liability for failing to provide adequate information to clients recently came under the scrutiny of the Bundesgerichtshof (BGH) — the German Supreme Court. In September, 1970 two private investors, a husband and wife, bought about $20,000 worth of U.S. Income Properties Fund (USIP) investment units. This proved to be a luckless venture. The USIP subsequently gave up the right to have its units traded in Germany in July, 1971 and is now being wound up. The couple, who lost a substantial part of their investment, and fear that they may lose even more, brought an action for damages against a German investment company* which describes itself as an "international investment company."

The investors based their claim for damages on the undisputed fact that the investment company failed to inform them that the land owned by the USIP fund was, on average, mortgaged to 75 per cent of its value. The trial judges decided in the investors' favour, holding that the relationship between them and the investment company amounted to a brokerage contract obliging the finance company to provide information and explanation. The 75 per cent mortgage should have been mentioned because German legislation sets a limit of only 50 per cent for the mortgaging of land owned by German property investment funds. The investment company appealed to the BGH but the Court confirmed the lower court's decision, though on different grounds.

In its judgment (No. II ZR 103/76 of April 10, 1978, but only now published) the BGH held that the investment company did not act as a broker but as an agent of the USIP. However, at the same time, the investment company created the impression that it had a special skill by describing itself as an "international" company for "advising on, and planning of investments."

In the view of BGH it was irrelevant what the German statutory limits were for the mortgaging of German property funds' land, nor did it matter that the German Foreign Investment Act did not impose such strict responsibility for prospectuses. It was also of no consequence that in other countries mortgages were often higher than in Germany and could be beneficial to the profitability of the investment. The liability of the agent, BGH said, resulted solely from the fact that he withheld information of substantial importance to a customer who relied on the correctness and completeness of the data provided by him as an expert.

THE FRENCH COB (Commission des Opérations de Bourse), a public watchdog which has striven for years to improve the standards of accounts and reports rendered to shareholders by French public companies, is pleased with the first decision of the Paris Appeal Court concerning prospectuses. It gives it the pride of place in the June issue of its monthly bulletin. But the judgment (of 18 November 1977) discloses a considerable lack of familiarity with prospectuses and the role of the COB, and not only on the part of the plaintiff.

The plaintiff was a shareholder who complained that the information provided in a public offer of shares was inaccurate and incomplete, particularly in respect of the method used for the calculation of the price at which the shares were offered. He also claimed that the COB visa—indicating that COB had seen and approved the offer—was misleading.

As correctly reported by the COB bulletin the glibness of the arguments with which the complaint was dismissed in the judgment was remarkable. The Court found it necessary to emphasise that the shareholder was by no means obliged to make use of the offer; he must have known that if he did not like it he could leave it. The Court maintained that as he used exclusively the information provided in the offer to contest the correctness of the method by which the offer price had been calculated, he could not claim that this information was insufficient. The appeal judges agreed that the company was free to apply any method of calculation as long as it disclosed this method clearly. They further held that the COB visa was not concerned with the question of whether the terms of the offer were justified or whether the shares were a good buy at the price offered. This visa was solely designed to certify that there were no irregularities in the operation, that it was not contrary to the interests of shareholders and that it was accompanied by suitable information.

*The name of the company was suppressed at the request of the BGH

# Water Frolic ready for fourth victory

## RACING

BY DOMINIC WIGAN

THAT MUCH-IMPROVED filly, Water Frolic, looks to be the one they will all have to beat in this afternoon's renewal of the Park Top handicap at Brighton.

Water Frolic, a compact, well-made bay by Sir Ivor out of that almost equally brilliant performer, Waterloo, the 1,000 Guineas winner, has won her last three races in the style of an extremely smart performer.

If she can reproduce the form which saw her easily disposing of the widely supported Collapse in the Hermes Handicap at Epsom, Water Frolic, a Henry Cecil filly trained for Mrs. Peter Burrell (whose husband preceded Douglas Gray at the national stud), should have few problems. I hope to see her make it four in a row with a clear-cut victory over Sidesbow.

Still on the subject of the Warren Place team, Henry Cecil intends to introduce the highly rated Marble Bay, a 57,000-guineas Wolver Hollow half-brother to Turnkey, in the Granville Stakes at Ascot on King George VI and Queen Elizabeth Diamond Day.

Back to today, I shall be disappointed if Rely on Pearl, running in preference to two other Richard Hannon juveniles, cannot win the Withdean Stakes.

Rely on Pearl, a good-looking daughter of Deep Diver, is on the upgrade.

Further support for Saturday's Coral Eclipse favourite, Gunner B, has seen a cut in his odds by the Tote, which now has him at 11-4 from 7-2.

BRIGHTON

2.00—Dedham Vale
2.30—Murrmalch**
3.00—Water Frolic***
3.30—Rely on Pearl*

# Jobs centre will help black spot

Financial Times Reporter

A TRAINING centre aimed at improving job prospects for young people in an unemployment black spot was opened yesterday.

The four-week courses at the 40-place workshop at Skelmersdale New Town will be related to local employment opportunities and the scheme is a joint venture between the Merseyside Training Council and Manpower Services Commission.

Mr. Geoffrey Holland, director of the Commission's Special Programmes Division, who opened the centre, said that the Youth Opportunities Programme was on target to provide 130,000 places for young people by the autumn.

Under the programme, which began this year, 60,000 places were available on work experience schemes and 40,000 training places were being supported in industry.

# TV/Radio

† Indicates programme in black and white

## BBC 1

1.20 pm On the Move. 1.30 Mister Men. 1.45 News. 1.55 Wimbledon Lawn Tennis Championships. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Laff-a-Lympics (cartoon). 5.05 We're Going Places. 5.35 The Wombles.

5.40 News (London and South-East only).
5.55 Nationwide.
6.15 Wimbledon.
7.25 Top of the Pops.
8.00 Rosie.
8.30 Citizen Smith.
9.00 Party Political Broadcast by the Liberal Party.
9.10 News.
9.25 The Songwriters (tribute to Ray Noble).
10.25 I, Claudius.
11.20 Tonight.
12.00 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.55 pm Wales Today. 6.15-6.40 Heddiw. 6.40 Join BBC-1 (Wimbledon). 12.00 News and Weather for Wales.

Scotland—10.00 am Paddington. 10.05 Jackanory. 10.20 Help! It's the Hair Bear Bunch. 10.40-11.00 The Islanders. 5.55-6.15 pm Reporting Scotland. 12.00 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.15 Scene Around Six. 12.00 News and Weather for Northern Ireland.

England—5.55-6.15 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

## BBC 2

11.00 am Play School.
2.00 pm Wimbledon Lawn Tennis.
8.00 News on 2 Headlines.
8.05 Gardeners' World.
8.30 BC: The Archaeology of the Bible Lands.
9.00 Party Political Broadcast by the Liberal Party.
9.10 Midweek Cinema: "I Never Sang For My Father," starring Melvyn Douglas.
10.40 Late News on 2.
10.50 Wimbledon highlights.
11.40-11.50 Closedown (reading).

## LONDON

9.30 am A Present from the Past. 9.55 Paint Along with Nancy. 10.20 The Undersea Adventures of Captain Nemo. 10.30 The Wells of Montrose. 10.55 Nature of Things. 11.45 Cartoon Time. 12.00 Little Blue. 12.10 pm Pipkins. 12.30 Doctor! 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 The Crezz. 3.20 Quick on the Draw. 3.50 The Sullivans. 4.20 Children's Film Matinee: "Tarzan's Greatest Adventure," starring Gordon Scott, Anthony Quayle and Sean Connery.

5.45 News.
6.00 Thames At 6.
6.35 Cartoon Time.
6.50 Crossroads.
7.15 Margie and Me.
7.45 "Showdown," starring Rock Hudson and Dean Martin.
9.30 This Week.
10.00 Party Political Broadcast by the Liberal Party.
10.10 News.
10.40 What About The Workers.
11.10 Time for Business Special: London Transport—A Fare Deal.
12.10 am What the Papers Say.
12.25 Close: A poem by William Blake read by James Coyle.

All IBA Regions as London except at the following times:—

## ANGLIA

10.20 am Halas and Batchelor Cartoons. 10.40 Afloat. 11.05 Andy's Party. 11.30 Counterpoint. 1.25 pm Anglia News. 2.00 Women Only. 4.20 Rocket Robin Hood. 4.45 The Adventures of Black Beauty. 5.15 Bygones. 6.00 About Anglia. 6.35 Arena. 7.15 Enterprise. 10.40 Margie and Me. 11.10 What About the Workers. 11.40 Chopper Squad. 12.35 am The Living Word.

## ATV

10.20 am Music at Harewood. 10.45 Ride a Spanish Virgin. 11.30 Stars on Ice. 11.55 Adventures of Parsley. 1.20 pm ATV Newsdesk. 3.20 The Royal Show. 4.20 Solo One. 4.45 Three for the Road. 6.00 ATV Today. 11.20 Gardening Today. 11.40 Dan August.

## BORDER

10.20 am Skippy. 10.45 Afloat. 11.10 Andy's Party. 11.35 Counterpoint. 1.20 pm Border News. 4.20 Code R. 5.15 Solo One. 6.00 Lookaround Thursday. 11.10 Gibbsville. 12.05 am Border News Summary.

## CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 Little House on the Prairie. 5.15 The Flintstones. 6.00 Channel News. 6.10 The Royal Visit. 10.00 Vision USA. 10.30 Channel Late News. 10.42 The Open Air with Clive Gunnell. 11.10 The Andy Williams Show. 11.40 The Sweeney. 12.35 am Actualities et Projections.

## GRAMPIAN

9.25 am First Thing. 10.20 Woobinda. 10.45 Afloat. 11.05 Seaway to the Heartland. 11.35 Counterpoint. 1.20 pm Grampian News Headlines. 2.00 Flair. 4.20 The Little House on the Prairie. 5.15 Audubon—Wildlife Theatre. 6.00 Grampian Today. 6.35 Cartoon Time. 12.30 am Reflections. 12.35 Grampian Late Night Headlines.

## GRANADA

10.20 am Return to the Planet of the Apes. 10.40 The Lost Islands. 11.05 The Beatles. 11.25 Skippy. 11.45 Kathy's Quiz. 1.20 pm This Is Your Right. 4.20 Little House on the Prairie. 5.10 What's New? 5.15 Crossroads. 6.00 Granada Reports. 6.30 On Site. 10.40 What's On. 11.10 What The Papers Say. 11.30 The Law Centre. 12.30 am A Little Night Music with Martin Simpson.

## HTV

10.20 am Houseparty. 10.40 Afloat. 11.05 Andy's Party. 11.10 Counterpoint. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 3.50 Survival's Lot. 4.20 Clue Club. 4.45 The Flintstones. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. 6.45 Survival. 7.15 Mr and Mrs. 11.15 Radcetz.

HTV Cymru Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.35-4.45 Wimbledon. 6.00-6.22 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.22-6.45 Sport West.

## SCOTTISH

10.20 am Valley of the Dinosaur. 10.40 Afloat. 11.10 Andy's Party. 11.35 Counterpoint. 1.25 pm News and Road Report. 2.00 Women Only. 4.20 Island of Adventure. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 West's Way. 6.45 Garnock Way. 11.15 Late Call. 11.20 Emergency.

## SOUTHERN

10.20 am Archie. 10.30 Afloat. 11.05 Andy's Party. 11.30 Counterpoint. 1.20 pm Southern News. 2.00 Women Only. 4.20 Dynomutt—the Dog Wonder. 4.45 The Lost Islands. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 6.45 University Challenge. 10.40 A Southern Report. 11.10 People Rule! 11.50 Southern News Extra. 12.00 What The Papers Say.

## TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 10.20 The Secret Lives of Waldo Kitty. 10.40 Afloat. 11.05 Andy's Party. 11.30 Counterpoint. 1.20 pm North East News and Lookaround. 2.00 Women Only. 4.20 Thursday Matinee: "The Man Called Flintstone." 6.00 Northern Life. 11.10 Double Top. 11.50 George Hamilton IV. 12.20 am Epilogue.

## ULSTER

10.20 am Cartoon Time. 10.40 Afloat. 11.05 Andy's Party. 11.30 Counterpoint. 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 Clue Club. 4.45 The Gene Machine. 5.15 The Adventures of Black Beauty. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.45 Want A Job. 7.00 Cartoon Time. 11.10 Gardening Today. 11.40 Bedtime.

## WESTWARD

10.20 am Untamed World. 10.40 Afloat. 11.05 Andy's Party. 11.30 Counterpoint. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 Little House on the Prairie. 5.15 The Flintstones. 6.00 Westward Diary. 10.38 Westward Late News. 10.40 The Open Air with Clive Gunnell. 11.10 The Andy Williams Show. 11.40 The Sweeney. 12.35 am Faith for Life.

## YORKSHIRE

10.20 am Power Without Glory. 11.10 Star Maidens. 11.35 Friends of Man. 1.20 pm Calendar News. 4.20 "The Man Called Flintstone" (full-length feature cartoon). 6.00 Calendar (Emley Moor and Belmont editions). 10.40 Cricket Forum. 11.10 Danger in Paradise.

## RADIO 1 247m

(S) Stereophonic broadcast
†Medium Wave
(VHF) Very high frequency
(b) Binaural Broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.0-2.02 am: As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 2.02 Pete Murray's Open House (S) (continued from Radio 2, 12.30). 2.30 David Allan (S). 4.30 Waggoners' Walk (also 200kHz, 1484kHz). 4.45 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

## RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Richard Vaughan with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) (continued on vhf) including 1.45 Sports Desk. 2.02 Wimbledon Lawn Tennis Championships including 2.45, 3.45 Sports Desk. 4.30 Waggoners' Walk (as vhf). 4.45 Sports Desk. 5.15 Move On (as vhf). 5.45, 6.45 Sports Desk and 6.02 Cross-Channel Motoring Information. 7.02 Country Club (S) including 7.30 Sports Desk. 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

## RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Bach (S). 9.45 Sydney String Quartet (S). 10.45 Settings of Milton (S). 11.20 North German Radio Symphony Orchestra: Concert, part 1 (S). 12.15 pm Interval Reading. 12.20 Concert, part 2. 1.00 News. 1.05 Music for Cello and Piano (S). 2.05 Wexford Festival 1977: "La Serva e l'Ussero," comic opera in one act, music by Ricci (S). 3.30 Words . . . (talk). 3.35 20th-Century Music For Two Pianos (S). 3.45 Salisbury Cathedral Choir (S). 4.35 Youth Orchestras of the World (S). 5.45 Homeward Bound (S). 6.05 News. 6.30 Homeward Bound (continued). 6.30 Lifelines: The Wider World. 7.30 A Mozart Quartet and Quintet (S). 8.25 A Sorrow Beyond Dreams, monologue by Peter Handke (S and B). 9.20 Hanns Eisler. 10.25 Rose Chambers Re-visited (talk by Esmond Wright). 10.45 The Bach Family (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

## RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 7.00 and 8.00 Today's News, 7.30 and 8.30 News Headlines. 8.35 Yesterday in Parliament. 9.00 News. 9.05 These You Have Loved (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way. 11.45 Robert Adams—The Prophet of Elegance. 12.00 News. 12.02 pm You and Yours. 12.27 Many a Slip. 12.55 Weather: programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.10 Questions to the Prime Minister "live" from the House of Commons. 3.35 Wildlife. 4.00 News. 4.05 Jack de Manio Precisely. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather: programme news. 6.00 News. 6.30 Brain of Britain 1978. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 From Whence Cometh My Health. 8.30 James Cameron with the BBC Sound Archives. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Boy meets Girl. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

## BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05—Close: As Radio 2.

## London Broadcasting

261m and 97.3 VHF

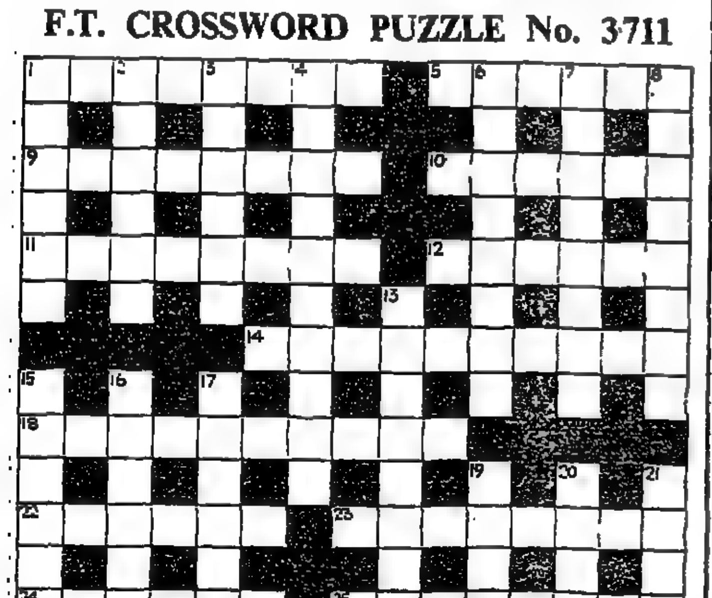
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 pm George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Keith Chalkley. 1.00 am Night Extra with Allan King.

## Capital Radio

194m and 95.8 VHF

6.00 am Peter Young's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2 am Mike Smith's Night Flight (S).

# F.T. CROSSWORD PUZZLE No. 3,711



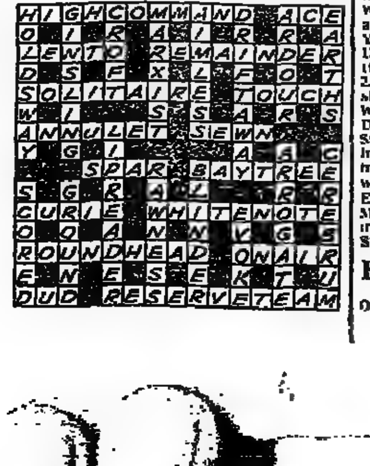
ACROSS

1 Overcoats for little children without colour (8)
5 Spots measure in a ship (6)
9 Reprove a town for greed (8)
10 Suited one busy about the river (6)
11 All hints at homes for workers for a change (3-5)
12 An incentive for the Duke of Edinburgh, we hear (6)
14 Divorce place as below (3, 7)
18 Religious observance circle in California (10)
22 Falsify the dossier about the theologian (6)
23 Always in hire and submissive (8)
24 Jackdaw city (6)
25 Township for a couple of artists adds sweetness (8)
26 People of great intellect give a short reply to a bird (6)
27 A good man starts to encourage the fish (8)

DOWN

1 Left nearly everyone at the gate (6)
2 Swift's flying island (6)
3 The Friar is at home for a good meal (4, 2)
4 "Head to foot now is he —" (Hamlet) (5, 5)
6 Former vicar found among the dutiful (8)
7 Mrs. Mopp is cautious about the young fellow (8)
8 The unconscious supporters of British rail (8)
13 Protective parapet suits fighters to a T (10)
15 Self-inflicted trouble follows such a demand (3, 3, 2)
16 Scotland Yard in a match for genuine proof (4, 4)
17 Mentally deranged sellers of goods by hire-purchase (5-3)
19 Thin cover for shift about the north-east (6)
20 People on to a winner can be a potential danger (6)
21 Race that may cause stress (6)

SOLUTION TO PUZZLE No. 3,710



# ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

هكذا من الأصل

iadler's Wells

# Alwin Nikolais by CLEMENT CRISP

The return of Alwin Nikolais ı London after an absence of ɜven years brings back the ɨicks of a master conjurer with ght and movement. With ʼikolais it is often a matter of ot believing what you seem to ɜe, as bodies dissolve, and ɜapes merge and split like so ɪany highly coloured amoebae. ʼhis is where the Nikolais ɪagic is most potent, and so it roved in the concluding work f his first programme at the Vells on Tuesday. The earlier art of the evening was rather ɪinner stuff, comprising two ieces which revealed the choreo-raphy rather than concealing ɪ beneath patterns and shifts of ight.

In both *Temple* and *Guignol* he insistence seems to be upon uirkly gymnastic movement nd a good deal of egregious harm from a cast of nine. *ʼemple* is brief; *Guignol* lengthy n exploring the idea of various inds of lay figure, model and uppet—its subtitle is *Dummy Dances*. At moments the lancers appear as madly gay vindow-dressers manipulating nannequins; at others they are uppets, clowns, and wooden rtist's figures. There are hints of drama, but unlike the Bun-raku sequence in MacMillan's *Rituals*, there is no tension or levelopment to the incidents, ɪnd an omnipresent vulgarity nakes many of the effects look heap. Only in the closing sec-ion, when each dancer is loubled with a life-size model, loes the action move into that rea of illusion and eye-confus-ing unreality which is very speci-ally Nikolais' own.

Leonard Burt

Guignol (Dummy Dances)

This is the territory, happily, in which the closing *Triad* is placed. The setting is three mirrored doorways which lead into a world of kaleidoscopic mystery. The constantly melting patterns that Nikolais projects over the performing area, the masterly camouflage wherein bodies lose their shape or limbs take on an independent life, are a continuing tease for the eye.

*Choreography* is simple, a single ingredient in a complex structure of light and shadow, colour and illusions of form. For the most part the dynamics are flat, a progression of movement no more compelling than shadows moving across a screen; a closing passage played under the eye-numbing flicker of strobe lighting is a final burst of the magician's virtuosity as the dancers jerk in single-frame sequence carrying large metal triangles and passing in and out of the mirrored doorways.

Nikolais's theatre is one in which visual sensation is all. (The accompanying scores—like everything else, devised by Nikolais—are electronic wall-paper, save for an extemporised jazz accompaniment to *Guignol* by the Paul Winter Consort.) Supremely it suggests the vast possibilities of light, which even after 25 years example only Nikolais seems capable of understanding and using for our delight.

St. Bartholomew-the-Great

# Ultimos ritos

For the next 11 days, a festival of 20th-century music holds sway in St. Bart's, with midday, evening, and late-evening events, an interesting survey of diverse modern styles, and a plentitude of first performances. It is a brave, admirable venture richly deserving of support (not least by those who complain of the lack of variety and enterprise in London concert life).

Tuesday's opening concert was given by the Southampton Youth Orchestra, the Michael Laird Brass Ensemble, and the New English Singers, all under Andrew Morris. It began with a new, Walton-crossed-with-20th-Century-Fox *Festival Fanfare* by Edward Gregson, and continued with a beautiful choral prayer, *Slava tebe Gospodi*, by Grechaninov (about which there was neither text nor note in the festival programme). But the most important business of the evening was a performance of John Tavener's *Ultimos ritos* (1974), that elaborate, intriguing, "architecteural" choral composition laid out on a large and very ambitious scale.

With its store of religious symbolism made manifest in music (its groups of four choirs and four percussion sections, laid out on points of the cross, its trumpets and recorders directed to sound from galleries high and low, its organ grandly sonorous from one end of the nave), *Ultimos ritos* needs space. There was not quite the necessary depth, height, and distance in the harmonious and intimate interior of St. Bart's; not all the drama of contrasts on which Tavener so heavily depends could be fully played out, and at times the performance seemed to reach the ears of the listener all too quickly, too "normally," divested of the awesome apparel of reverberance and decay.

Nevertheless, despite the reduction of scale, and despite a performance not always fully geared to the individual dramatic character of the five movements, with little hesitations and uncertainties as well as devotion and choral proficiency in its execution, the multitude of glamorous, striking sound-inventions came across. I am by no means persuaded that *Ultimos ritos* is the sum of its parts; that all its technical ingenuity in the super imposition and layering of textures affords a musical experience of any substance; or that the work functions on any level other than that of aural titillation. On that level, there was much to enjoy, not least in the third movement, with its appealing mezzo-soprano solo (beautifully taken by Patricia Price).

MAX LOPPERT

Leonard Burt

Charles Beeby (top) and Gerald Miller

Festival Hall

# Pierre-Laurent Aimard

The soloist in two piano concertos at the heart of Tuesday's Philharmonia concert under Andrew Davis was the young French pianist Pierre-Laurent Aimard. I first heard Aimard in 1973, when at the age of only 16 he was declared outright winner of the Messiaen Competition at La Rochelle. Teenage prodigies fall by the wayside easy; but Aimard has stayed the course well. The finger technique is still more dazzling than it was; the easy, fluent manner and sensitive touch have neither cracked nor soured. We should be hearing more of him as a soloist in the coming years: and as chamber player too, since his appointment as pianist in IRCAM's new Ensemble Inter-*contemporain in Paris*.

The evening's first "concerto" was Messiaen's *Oiseaux exotiques* — thrown off by Aimard with vivacious precision, keenly drawn, beautifully coloured: the effect would have been finer still if the Philharmonia's ensemble, willing and energetic, had been rhythmically more exact: and if there had seemed less of hastiness in Davis's beat, and more of manic insistence, a true Messiaenish *vocifération implacable*.

It was also Aimard again in Mozart's E flat concerto K449 who held the music bright and taut. Davis spun out his tuttis and his accompaniments—as he had spun out his opening Schubert Third—dully, without finesse, or any manner of subtlety of counterpoint or instrumental colour. Under a different direction, Aimard might have cut his ornaments in the andantino, sweetly and simply as he otherwise phrased it, a little less drily; and in the finale added to the warmth and wit of his playing the only ingredient it notably lacked, a real Mozartian gaiety.

DOMINIC GILL

## Louis Armstrong concert

The annual concert held to commemorate Louis Armstrong will be held this year on Saturday July 8 at the Royal Festival Hall. The bands taking part are Mr. Acker Bilk and his Paramount Jazz Band, featuring Mike Cotton on trumpet, and the Johnny Barnes/Roy Williams Jazz Masters.

Theatre Space

# Men by MICHAEL COVENEY

Another new venture in Covent Garden. Formerly the Rank Strand demonstration theatre and more recently a club cinema, this cosy but featureless basement at 29 King Street is playing host to the One-Off Theatre Company from Bradford. The play, by Don Milligan and Noel Greig, investigates, somewhat crudely, the gay relationship between carefree Gene (Charles Beeby), into loose blouses and make-up, and serious Dick (Gerald Miller), who is heavily involved in union politics in a Bradford factory and plays the allegedly "heterosexual" game of three-piece suits and beer with the boys to ensure the validity of a bid for power

The message is that political struggle starts with yourself and your debt to those you love, but there is minimal sophistication in the presentation of arguments and little consistency in the dramatic traumatisation of a couple of Leicester hearties up for the convention who find themselves rudely deposited in the surprising domestic milieu of their "What about the workers?" comrade.

After an over-stressed introduction in the butch locker-room, where all talk is of holidays in Majorca with the wife and kids, the action progresses tediously through to a pretty boudoir *dénouement* in which Gene works himself up to a final departure on the grounds of Dick's closet mentality. On the way, Gene, needless to say, has all the best lines and tickles the audience's fancy by flouncing around in predictably outrageous fashion. The director is Paula Stepney.

Record Review

# Two second operas by ELIZABETH FORBES

**Puccini Edgar: Scotto, Killebrew, Bergonzi, Sardinero; Schola Cantorum, Opera Orchestra of New York/Queler. CBS 79213 (two records). £6.79.**

**Nielsen Maskarade: Brodersen, Hyldgaard, Plesner, Landy, Schmidt Johansen, Hansen; Danish Radio Symphony Orchestra and Chorus/Frandsen. Unicorn RHS 350/2 (three records). £11.97.**

*Edgar*, Puccini's second opera, is a work for which the gramophone in general and the long-playing record in particular, could have been expressly invented. The preposterousness of Ferdinando Fontana's libretto, derived from Alfred de Musset's *La Coupe et les lèvres*, a verse drama intended not for the stage but for the library, is diluted on a recording, while Puccini's score, which contains many passages fascinating in themselves as well as many more prophetic of the glories to come, rivets the listener's attention. The musical characterisation, already masterly, provides the dramatic stiffening so conspicuously absent from the text.

The relative failure of the first performance of *Edgar* at La Scala on April 21, 1889, despite a strong cast that included Romilda Pantaleoni (two years previously Desdemona in the premiere of Verdi's *Otello*) as the villainess Tigrana, was a bitter blow to Puccini, then in his 31st year. But his patron the publisher Giulio Ricordi did not desert him and continued to pay the composer a monthly allowance. At Ricordi's insistence Puccini reduced the original four acts of *Edgar* to three, and the revised version was given at Ferrara in February 1892; later that year Francesco Tamagno, whom Puccini had vainly hoped would create the title role at La Scala, was persuaded to sing Edgar in Madrid; but even he could not achieve success for the opera.

Eve Queler, conducting the Opera Orchestra of New York on the CBS recording, uses the revised, three-act version, which severely curtails the role of Tigrana, while leaving that of Fidelia, the heroine, practically untouched. Fidelia's gentle, steadfast character is immediately established by her opening number, an aubade, first heard off-stage, with which she wakes the sleeping Edgar. Renata Scotto phrases this, as she phrases all Fidelia's music, with an ideal mixture of tenderness and restrained but genuine passion. In the third act where Edgar, disguised as a monk, plays devil's advocate at his own funeral, it is Fidelia alone who defends the young man, and

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here Miss Scotto is in her element, shaping the vocal line most eloquently, charging but never overloading it with the emotional conviction that is the hall-mark of her singing.

Tigrana, a part for either dramatic soprano or mezzo, is entrusted to Gwendolyn Killebrew, whose rich-toned middle and lower registers contrast strikingly with Fidelia's purer timbre, and who certainly suggests a sultry seductiveness; but she is badly taxed by the tessitura of much of the music, notably her second-act duet with Edgar, when the top of the voice sounds harsh and strained. Edgar, fluctuating between passionate desire for the courtesan and romantic love for the pure young girl, is hardly a sympathetic character; his actions in setting fire to his paternal home and in staging his own funeral, suggest a pathological case. Carlo Bergonzi, skilful at illuminating the murkier corners of a diseased imagination—witness his Carlo Moor on the Philips recording of *I masnadieri*—sings Edgar's introspective monologue "Orgia, chimera dall' occhio vitreo" with particular insight.

In the scene where Edgar and Frank (Vicente Sardinero), once his rival in love, later his companion in arms, tempt the apparently broken-hearted and repentant Tigrana with a pearl necklace, Bergonzi subtly points the dramatic irony of the situation. The funeral march—conducted by Toscanini at Puccini's own funeral—is impressively played by the orchestra while the Schola Cantorum of New York sing the Requiem with similar accomplishment. Eve Queler paces the work leisurely, but does not allow the tension to drop and builds up the big ensembles with a nice architectural sense. The recording, made at a public concert, is perfectly adequate.

Carl Nielsen's *Maskarade* is also a second opera, but there the analogy with *Edgar* ceases; the composer of the latter work, a man of the theatre if ever there was one, went on to write another 10 operas, three of which remain among the most popular ever written. Nielsen composed no more operas, though *Maskarade*, based on a comedy by the classic Danish dramatist Ludwig Holberg dating from 1724, scored a respectable success on its first performance in Copenhagen (November 11, 1906) and is in the repertory there today. Vilhelm Andersen, Nielsen's librettist, was taken to task for rewriting virtually all of Holberg's dialogue, but the composer took his inspiration from the subject of the play, not from its form.

The plot is simple: Leander (tenor) disobeys the orders of his father Jeronimus (bass) and together with his valet Henrik (baritone) attends a masquerade to meet the unknown girl with whom he has fallen in love. She turns out to be Leonora (soprano), daughter of Jeronimus's friend Leonard (baritone), and Leander's prospective bride. In the third and final act, the entire cast turns up at the masquerade, including Leander's mother, Magdelone (contralto), who flirts with Leonard, and Pernille (soprano), Leonora's maid, who fancies Henrik.

During the gestation period of *Maskerade*, Nielsen played second violin in the orchestra of the Royal Theatre, Copenhagen, and the score bears traces of the influence of Verdi's *Falstaff* (introduced to the Danish capital in 1898) and of other comic operas.

The Unicorn recording, by the Danish Radio Symphony Orchestra and Chorus conducted by John Frandsen, is cast with singers familiar with their roles on stage, and consequently sounds thoroughly ideomatic. The two young men, Leander, lyrically sung by Tony Landy, and Henrik, deftly characterised by Mogens Schmidt Johansen, are particularly convincing. Ib Hansen makes an amusingly old-fashioned Jeronimus while Gurli Plesner is splendid as the still-youthful Magdelone. The girls have little to sing, but Edith Brodersen makes a charming Leonora and Tove Hyldgaard a pert and sprightly Pernille. The dance music of the last act is played with heady rhythm and an infectious sense of enjoyment. One is left with the feeling that Nielsen, though no born dramatist, could have fruitfully explored the operatic vein in other directions.

Book Review

# An opera is staged by ARTHUR JACOBS

**The Making of an Opera: "Don Giovanni" at Glyndebourne by John Higgins. Secker and Warburg, £7.95. 272 pages**

To the surprise of the first-night audience at Glyndebourne, Peter Hall was not present to take a curtain-call when the production on which he and his cast had laboured for five weeks was unveiled on May 31 last year. As director of the National Theatre, he found himself chained to London by a labour dispute—which some suspected to have been timed to erupt at the crucial moment for the delivery of *Don Giovanni* to its customers.

This external drama is underplayed in John Higgins's pages, much in the spirit that Hall bid "the nightmare at the National" from his Glyndebourne team.

Sir Peter Hall

The author's concern is the building-up of the opera production, from the earliest discussions about casting to the raising of the curtain. Alert, knowledgeable, and (one imagines) with a tape-recorder almost always at the ready, he was a privileged observer. His book does for a opera production what has been more often done for film productions and occasionally for plays and ballets. It is a pleasure to find it done so well and published so swiftly—while the production itself is back at Glyndebourne for a second season.

Not that one needs to be a frequenter of Glyndebourne, or fully versed in the intricacies of *Don Giovanni*, to follow with fascination this record of plans, revised plans, conversations, and rehearsals. Like the expert journalist he is (he was arts editor of this newspaper before moving to a similar position at *The Times*), John Higgins vividly but unobtrusively sketches both the historical background and the present world of Glyndebourne. Seclusion from London and an unusually long rehearsal period allowed a creative evolution of a production, quite different from the imposition of a scheme brought in cut-and-dried by a producer who has already staged the opera elsewhere

Peter Hall's most decisive point of re-interpretation—making Don Giovanni defiant at the end of Act 1, instead of fending off his accusers and running away—is well documented, together with the eloquent letter to The Times in which Peter Shaffer defended it against the doubts of professional critics. Next to Peter Hall, the most articulate of the participants seem to have been Benjamin Luxon (Don Giovanni) and Stafford Dean (Leporello). Their views on their roles can be tested by the reader by reference to the text of the opera given in Italian and English in 65 pages at the end of the book. It is a pity that this is set out as if it were all prose, not distinguishing between the sung numbers and recitative.

With remarkable self-denial, Mr. Higgins takes no critical stance himself—not even on such a seeming absurdity as placing the period of the action some 20 years after Mozart died. More to be regretted is a neglect of two specific matters. The first is money: we learn that "one of the *Don Giovanni* cast was appearing for 25 per cent of his regular German salary" (I think this should be "what he states to be his regular German salary"), but are given no real information on costing, although it obviously governs so much at Glyndebourne as elsewhere.

The other major omission is, surprisingly, music. Although there is a chapter on "the conductor" (John Pritchard), he is treated mainly as a useful, reliable functionary in the producer's service. There is virtually nothing here about the placing and strength of the orchestra, the experience of orchestral rehearsals, the decisions on *continuo* and *appoggiatura*, the latitude allowed to soloists in matters of tempo, the problems of blending voices—even about how fast and how loud the music was to go. We know of course that the producer (or, as Americans more sensibly call him, the stage director) is the true modern operatic prima donna, but there are times when the reader of these pages might almost forget that opera begins with a score and, even now, has to be sung and played as well as acted.

The book is finely printed and produced, with only a rare slip showing the haste which must have gone into its compilation: on page 191 Peter Hall gets "scarcely no sleep" in the week before the final dress rehearsal. Admirable photographs (of other *Don Giovanni* productions and other Glyndebourne operas too) are well displayed. The identification of Frankie Howerd as "the English comedian" seems to indicate that the book is intended to travel. So it should.

# Arts news in brief

The prizes at this year's (the 16th) "Concorso internazionale di canto B Gigli" held at Macerata in Italy were awarded to Simone Alaimo and Yung-Hee Boo (equal first), Rentaro Kurasaki and Yoshihisa Yamaji (equal second) and Elia Padovan (third).

The prizewinners and the other finalists will be heard in a concert on July 25 in the Arena sferisterio at Macerata as part of the forthcoming season.

*

A paperback edition of *Who's Who in the Theatre*, the Bible of the English-speaking stage for the past 60 years, has now been produced. The 1977 16th edition is available for £5.95 in a slightly truncated form, as against £15 for the hardback edition. It is published by Pitmans who will be bringing out a revised edition of the complete work in 1981.

*

Comedian Billy Connolly is to act the role of Frosch in Scottish Opera's production of *Die Fledermaus* at the Theatre Royal, Glasgow, in January.

He will also take part in a gala performance on December 22 which will be conducted by Sir Alexander Gibson.

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# The Egyptian peace plan

NEARLY SIX months after President Sadat abruptly broke off negotiations with Israel it seems almost certain that they will be resumed in the next few weeks despite the fact that the main elements of the Egyptian leader's plan, which was published yesterday have been consistently rejected by the Israeli Government. However, it had already accepted the U.S. invitation to attend a meeting of Foreign Ministers in London provided that no preconditions or "outraegous" demands were made. Wisely, Mr. Sadat has not made Egyptian attendance dependent on Israeli acceptance of the totality or part of his plan.

### No concessions

The prospect of a meeting between Mr. Moshe Dayan and Mr. Mohammed Ibrahim Kamel at the very least says something for U.S. efforts and pressure to breath life into a negotiating process which began promisingly last November with Mr. Sadat's bold mission to Jerusalem, but has subsequently flagged almost to the point of expiry. More important, it would manifest a continuing desire of both Israel and Egypt to search for a peace settlement

But to meet is one thing, to negotiate another. Despite differences within Mr. Begin's Cabinet, and even greater heart-searching his electorate, Israel has conceded nothing since it presented its own plan late last year. Neither, arguably, has Egypt, even though it is only now that Mr. Sadat has presented publicly and formally his own proposals.

Mr. Sadat has taken a fundamentalist position in proposing that Egypt should take over administrative responsibility for Sinai, and Jordan for the West Bank, including East Jerusalem for an interim period of up to five years "at the end of which the Palestinian people will be able to determine their own future." He has also specified that Israel should withdraw Jewish settlements from the territory which it occupies. It was on these principles, of Israeli withdrawal, Palestinian "self-determination." and the dissolution of Jewish settlements, that the earlier phase of negotiations foundered.

In contrast the Israeli Government has not modified its plan which would provide for limited self-government for the occupied territories. Rather, in response to U.S. probing, it has—with the dissent of a minority including Mr. Ezer Weizman, the Minister of Defence—hardened its position, by refusing to contemplate anything more than a review of the status of the West Bank and the Gaza Strip after five years.

One element in the Sadat proposals — the return of the West Bank to Jordanian control — is baffling, in as much as this idea has not been endorsed by Jordan. King Hussein, like Mr. Sadat, subscribed to the resolutions of the Arab summit conference in 1974 which decreed that the Palestine Liberation Organisation should be solely responsible for any territory evacuated by Israel. Now he feels unable to undertake any mandate for the West Bank without full pan-Arab support. For his part Mr. Sadat has gone some way to compromise, by making no reference in his plan either to the PLO or to Syria. However, with such polarisation on basic issues between Egypt and Israel negotiations at the present time may not only be fruitless but also dangerous.

### Israeli misgivings

This is the reason for Israeli misgivings about a foreign ministerial meeting under U.S. auspices at this point. A second is that a breakdown might expose it as the intransigent party. Indeed, the suspicion exists—and may be justified—that both the U.S. and Egypt may hope for such an outcome, bringing about or at least hastening the poltical demise of Mr. Begin who is regarded by many as one of the main stumbling blocks in the way towards a peace settlement. This could also be the concealed hope of Mr. Weizman and the Democratic, Movement for Change, partners in the Likud-led coalition government, who would in the last resort be prepared for territorial compromise on the West Bank and, perhaps greater recognition to Palestinian aspirations towards self-determination. But the odds, unfortunately, are that Mr. Mondale's diplomatic coup will prove to be a futile one and the London talks something of a charade.

# Wrong way to reform London

SIR FRANK MARSHALL, who was commissioned by the Conservative regime at County Hall in May, 1977 to produce a review of the structure and functions of London government, has worked with commendable speed to produce a thoughtful report which contains a number of detailed proposals which are clearly sensible and helpful. He is also blunt about the shortcoming of the Greater London Council in the first 13 years of its existence—remote, apparently obstructive, unresponsive to voters in carrying out a role which few of them understand. However, these observations raise more fundamental questions which are understandably fudged.

### Vague terms

The real question raised by the record of the GLC is whether a regional authority of this kind, separately elected, is necessary at all; but a report sponsored by the GLC itself is not a likely source for guidance on this question. The question is indeed raised early in the report, but it is answered in astonishingly vague terms. An overall authority is needed to stand up for London against central government, to foster a "corporate approach" to common London problems, and a "Metropolitan consciousness" among voters. These duties may seem altogether too ill-defined to justify setting up a large elected body with some thousands of paid officials.

The basic strategy is that the GLC should acquire some powers from Whitehall to justify its continued existence, and devolve some powers to the boroughs to make its continuation less annoying. Thus it should take over trunk roads, the fire service, part of the police service, the redevelopment of the former docklands, all housebuilding and, most contentiously by far, the sharing of revenue between the boroughs, at the expense both of Government departments and of some borough functions. It should constitute itself into yet another kind of regional health authority, and go still further into the transport business at which it has hardly so far proved adept, taking responsibility for British Rail commuter services. It might also expand to take in the whole of the London Airport area.

None of this functional shuffling provides any clear rationale for perpetuating an extra, regional tier in local government. Administratively this structure has proved a nightmare in the health service; and if there is to be a "strategic" authority it is far from clear that the GLC area is a logical unit in it.

However, if planning were omitted from this list of functions, the argument for a separate governing unit would look much weaker; and it is in his ideas of the role of planning that Sir Frank, like the Herbert Committee which first set up the GLC as a basically planning authority, seems to be living in the past.

### A strategy

During the war many people found solace in the Utopian plans produced for a reconstructed Britain, and the pretty drawings and models which illustrated them; but post-war experience has been deeply disillusioning. Panning has been seen as a source of rigidity, mediocrity, social problems and economic decline. Planners of a few really modern developments such as Milton Keynes and the conurbation slowly growing north of Newcastle have adopted a much more modest role, solving the essentially technical problems of transport, energy and drainage, and leaving development to take its own course so far as possible.

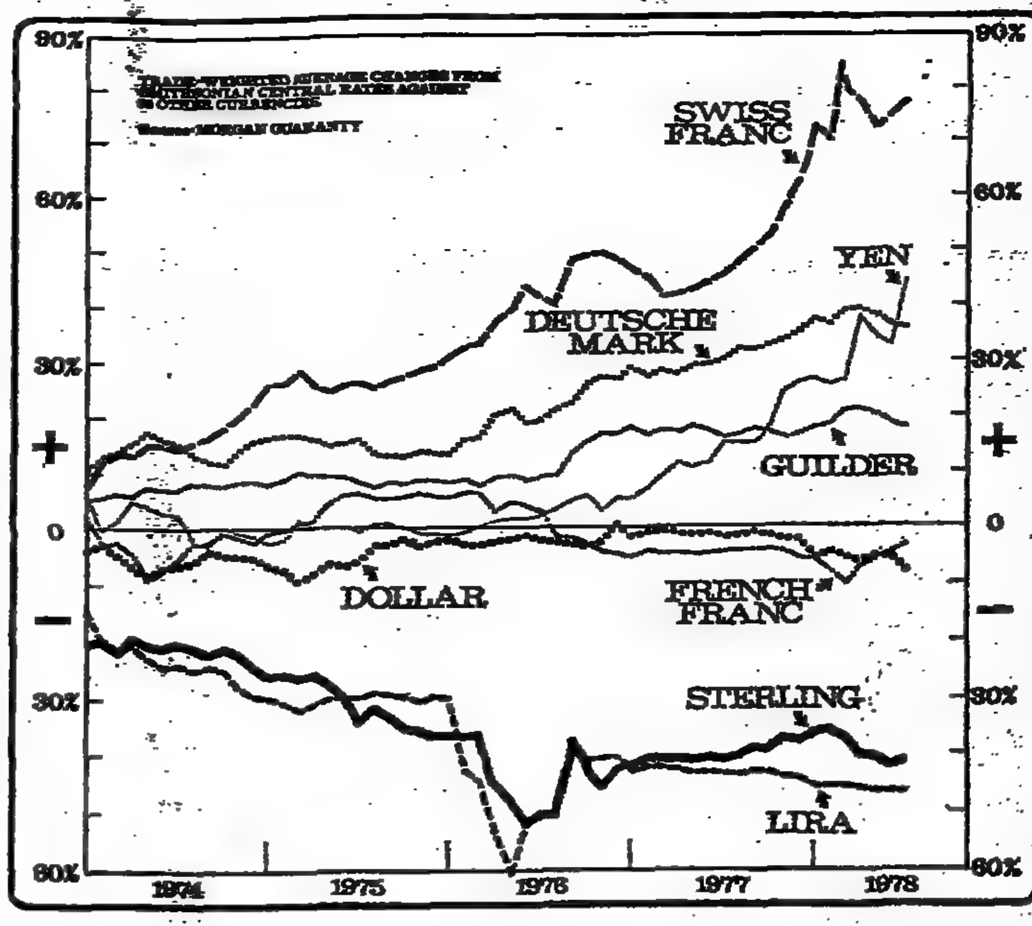
A strategy defined in these modest terms could well be drawn up by a technical body reporting to representatives of the boroughs: and other essentially technical services—a computerised housing list, fire protection safety inspection and the like—could be run in the same way. It is the function as much as the structure of local government which need redefining; and this report suggests that the job should not be left to those concerned in it.

EEC heads of government at Bremen: By IAN DAVIDSON

# Summits, snakes and sense about communiques

IT IS ON THE cards that the European Community will launch a new attempt at monetary union at the European summit which takes place in Bremen today and tomorrow. What emerges from their discussions may not sound like it; indeed, some government leaders, starting with Mr. James Callaghan, will be at pains to ensure that it does not, for fear of provoking entrenched national prejudices against the idea. But it is the idea of European monetary union which will be at the heart of the Bremen debate, and the prospects are that some significant progress may be made.

Experienced and cynical observers of the European scene will groan in disbelief. The European Community has, after all, made several attempts on this redoubtable peak, all of them ill-conceived in theory and ill-designed in practice, and all of them have met with ignominious set-backs. The most recent attempt has been the European currency "snake." which is designed to limit the fluctuations of Community currencies against each other. But the buttressing arrangements have been too feeble to support the weaker currencies, and Britain, Italy and France have all dropped out, leaving only a D-Mark zone surrounded by some voluntary adherents. Is there any reason to suppose that a new plan will fare any better? That remains to be seen. But it is a fact—at least, I think it is a fact—that there is considerable political steam behind the new attempt.




As usual in the Common Market, the big question mark is over the attitude of the British government. It is difficut to know whether Mr. Callaghan wants to join, but is pretending he doesn't, for the sake of his relations with Mr. Eric Heffer; or whether he doesn't want to join, but pretends he does for the sake of his relations with Helmut and Valery. Or is he frightened both of the game and of being left out?

The paradox of the current debate, the element which gives it the essential element of *gravitas*, is that it is the German Government which is taking the lead. (Or rather, for precision on this point may prove crucial at a later stage, it is the Chancellor, Herr Helmut Schmidt, who is taking the lead.) In the past, it has been the French who have argued for monetary union as the first step, wheres the Germans have argued that monetary union made no sense without a convergence of the participating economies, and in particular of their inflation rates.

The change in the German attitude emerged, quite unexpectedly, at the last European summit, in Copenhagen this April, when Herr Schmidt suddenly proposed some new form of currency co-operation in Europe. Now, over the past 12 months there really has been some convergence of national economies, in the sense that the British and French governments have managed to bring their inflation rates down just below double figures. That still leaves a considerable gap with the German inflation rate of around 3 per cent, but it is a vast improvement

## Floating rates

But the central factor in the improved prospects for a new European currency scheme is the widespread disenchantment with the consequences of floating exchange rates. The success of the Germans and the Swiss in grappling their way back to substantial current account surpluses, despite the burden of much higher oil import costs, has only served to drive their currencies higher than ever. The British Government has only to declare a policy of concern for the competitiveness of British industry for British industry to bank on a depreciation of the currency, and to award wage increases which will call for such a depreciation. The Americans indulge in a policy of benign neglect, and their insatiable appetite for oil imports drives their trade deficit higher and higher, and their currency lower and lower.

Most significant, the decline of the dollar has disturbing effects on the rest of the world, especially in Europe, because the importance of the dollar varies from country to country. The Benelux countries, for example, do three-quarters of their trade with other members of the Community; in Britain's case, the proportion is under half.

But even half is rather a large proportion, and provided competitiveness can be maintained by other means, such as control of the money supply and of the public sector borrowing requirement, it offers a significant incentive for grasping after some degree of currency stability with the rest of the Community. In the case of France, which does a much higher proportion of its trade with the Deutsche Mark bloc, the incentive is even stronger.

The second parodox is that the notion of a European currency operation, originally launched by Herr Schmidt as part of an international package deal in which other countries (including the U.S.) would get quite different compensations, may in fact be pressed forward quite independently for the benefits which it will, or may, confer on the participating European countries.

For longer than most of us can remember, the British and American Governments have been urging the Germans to help the world economy out of recession by adopting a faster growth rate at home. These impassioned adjurations have been stonily rejected by the Germans, who have made it abundantly clear that they have no intention of embracing higher domestic inflation for the sake of Jim Callaghan's blue eyes, nor even for those of Jimmy Carter. Yet, with nods and winks they have, at the same time, allowed other governments to understand that there might be a package deal in the offing.

Final cabinet decisions on the 1979 German budget have been ostentatiously postponed until the second half of this month. Ten days after the European summit at Bremen, the Germans will be hosts in Bonn to an ostensibly much more important international summit attended by the Americans and the Japanese, and the received wisdom has been that this will be the big occasion, starkly overshadowing the preparatory meeting in Bremen. In practice, the odds are that the Bonn meeting will be a frost compared with that in Bremen—even if the Germans do decide subsequently to aim for a higher growth rate in the medium term.

What the Germans want in exchange for faster growth is three commitments: a commitment by the Americans to do something to arrest the decline of the dollar, primarily by curbing oil imports; a commitment by all their major partners to resist protectionist pressures; and a commitment by their European partners to look seriously at ways of stabilising European currencies.

In theory, President Carter may be able to bypass the difficulties made by Congress for his multi-part energy bill, and impose a surcharge on oil imports. He has allowed it to be reported that he may in the last resort be prepared to impose such a surcharge. But considering his difficult relations with Congress, he may prefer to avoid any outright confrontation with Capitol Hill, in the hope that his preferred energy measures will, sooner rather than later, get through the legislative mill.

Much the same goes for the required commitment to free trade. With the GATT negotiations on yet another round of trade liberalisation reaching a theoretical deadline only one day before the Bonn summit, it will be difficult for the participating governments to resist the case for trade liberalism. Yet with every month that passes it becomes steadily more apparent that the Japanese, for all their protestations, have not found a way to reduce their trade surplus in a politically acceptable manner, and it becomes correspondingly more difficult for some European governments to be sure that they will be able to resist protectionist pressures from some sector or other.

In any case, the faster growth which would be the counterpart of these commitments would need to be fairly dramatic if it is to persuade President Carter to have a row with Congress, or if it were to ease the protectionist pressures in other importing countries. Naturally, the German Government is not being specific about what it might have in mind, but two points have emerged: there would be no stimulus before the turn of the year at the earliest, and any stimulus would be carefully assessed for the danger of inflation. In other words, a purely German stimulus is not likely to make much difference to the rest of the world.

It might, of course, be an encouragement to other countries to follow suit. Earlier this year, the Organisation for Economic Co-operation and Development recommended that all the industrialised countries could and should go for higher growth, but the proposal was turned down by the Finance Ministers, at least some of whom were reluctant to accept precise growth targets. But the crucial question is whether the German Government will give enough of a lead to trigger the revival of the OECD growth plan.

This week's Bremen meeting, by contrast, is faced with a much simpler question: will the nine Community countries agree in principle to set up a new currency system in which all will participate in the foreseeable future, or will the French join an enlarged version of the snake? Even if the answer to the first question is yes, it is quite likely that the details will be left to be hammered out during the second half of this year, and finalised at the December European summit.

For one thing, the Schmidt-Giscard ideas have been discussed hitherto in such secrecy that some at least of the heads of government will feel out of their depth when the talk g[oes] down to brass tacks; for anoth[er] there is still serious anxiety [at] the highest levels of the Fre[nch] government, and even in [the] Commission, that the Schm[idt-]Giscard enthusiasm is premat[ure] and dangerous for France, [to] say nothing of Britain and It[aly].

In so far as there is a prec[ise] plan on the table, the fr[ont] runner among the vari[ous] options drafted by the C[om]munity's Monetary Committe[e] one in which currencies wo[uld] be stabilised against [a] European unit of accou[nt] which is a weighted basket [of] all the Community currenc[ies]. This, according to its advoca[tes] has a number of advantages: [it] is a looser system than [the] snake, and thus poses fe[wer] risks for deficit countries; [it] makes the task of speculat[ors] more difficult: and if cent[ral] bank settlements are also m[ade] in units of account, the cost [to] deficit countries would [be] further reduced.

Perhaps the most import[ant] consequence of using the unit [of] account as the yardstick [of] currency fluctuation, is that [no] country, certainly no ma[jor] country, can drop out with[out] breaking the system. In ot[her] words, if the Nine were to ad[opt] such a scheme, it would im[ply] that all of them intended to [stay] in it for good.

## Pooling of reserves

In the longer term, there [is] also the shadowy implicati[on] that the Nine would be layi[ng] the foundation for a Europ[ean] currency. As it is, the Germa[ns] already agree that the schem[e] will require some pooling [of] reserves. But there remain co[n]siderable divergences of vi[ew] whether, in the first instanc[e] reserve pooling and central ba[nk] settlement would continue to [be] a book-keeping function handle[d] by the Bank for Internation[al] Settlements in Basle, [or] whether the embryonic Eur[o]pean Monetary Co-operatio[n] Fund (which as of now co[n]sists of a brass plate and a par[t-]time secretary in Luxembourg) should start to look more lik[e] a European central bank.

There can be little advan[ce] certainly about either thi[s] week's Bremen meeting or ne[xt] week's Bonn meeting. Eve[n] after they have taken plac[e] there may be considerable con[]fusion about what really occu[r]red. A useful guide for the lay[]man would be the Inverse Com[]munique Index, which works a[s] follows: a very long commun[i]qué means that all are agains[t] sin, but nothing has been de[]cided: a very short communiqu[e] means that something rathe[r] important has been decided even if it remains secret total silence means tota[l] deadlock. My guess would b[e] either a short communique o[r] total silence at Bremen and very long communiqué at Bonn

# MEN AND MATTERS

## Man most feared in Rhodesia

Behind yesterday's news that 15 Rhodesian guerrilla leaders have sought refuge in Swaziland lies a power struggle that could be crucial to what happens after Ian Smith finally hands over control. At the heart of the struggle is Josiah Tongogara, commander of the Zimbabwe National Liberation Army (ZANLA), to which the 15 "defectors" belonged. The mention of Tongogara's name, with its sombre cadences, causes unease among black and white alike in Rhodesia today.

Secretive and implacable, the 38-year-old Tongogara was held in a Zambian maximum security prison until December 1976 on a charge of murder. He was let out by President Kenneth Kaunda to attend the abortive Geneva conference on Rhodesia's future. Since then he has led the 12,000 ZANLA guerrillas operating from bases in Mozambique. Units of this force have been accused of the recent atrocities, including the killing of 13 missionaries.

Tongogara, who was trained in China, has been charged in Lusaka in April 1976 with the car-bomb killing a year earlier of lawyer Herbert Chitepo, the chairman of the Zimbabwe African National Union.

A story of bloody rivalries between Tongorara and rivals for the guerrilla leadership was revealed by a commission appointed by Kaunda to investigate the murder. It is believed that the flight into Swaziland marks a resurgence of these struggles. In its report, the commission—including representatives of 12 African states—told of executions and torture in the forests. It said: "There was evidence before the Commission that Tongaraga openly remarked that he saw no reason why he should not be the first President in an independent Zimbabwe through the barrel of a gun. Tongogara appeared to the Commission as a man possessed of inordinate ambitions." The commission linked these ambitions to "the systematic process of eliminating possible rivals by death."

One of the 15 who have fled is "General" Joseph Chimurenga, third in command of the ZANLA guerrillas; he was also charged with a car-bomb murder, then likewise freed without standing trial. ZANLA belongs to the Patriotic Front, led by Robert Mugabe and Joshua Nkomo. But if the "internal setlement" collapses, not they but Tongogara might emerge as the ruler of Zimbabwe.

A senior African civil servant who has met Tongogara told me in London yesterday: "I should not like to be governed by him."


"What about us? If we didn't make laws they wouldn't have any to enforce!"

## Nord-sud politik

Willi Brandt no longer sees himself as primarily a European statesman. Yesterday he was happily signing copies of his book, People and Politics, published here two years after the German verson. But at a lunch after the West German Embassy's reception for him, he was telling a number of us that he sees his main role as a mediator in the North-South dialogue between industrialised and developing countries.

The North-South issue is the world's "most decisive social question" for the rest of the century, he says. As chairman of the Brandt Commission on this he is touring European capitals to proclaim this message. He says his commission wil be reporting in just over a year, though doubts whether it will produce all the answers.

He says he is a "moderate optimist" about the course of the dialogue and is impressed by the way Western leaders increasingly appreciate that their own economic future depends on accelerating the development of the Third World. But he is less happy about the West's failure firmly to tell the Soviet Union to curb its African adventures.

Brandt's wider interests make him now reluctant to enter next June's first direct elections to the European Parliament. He told us that he believes that the heads of government of the Nine only agreed on direct elections in 1976 because they could not agree on anything else. Brandt says he would have preferred indirect elections, but was obliged by his party to accept direct ones. But he also makes it clear that having been the first to announce his candidacy, he now feels let down by others from the grand old European guard. Which, I was left feeling, was an indirect call to Edward Heath to join Brandt in throwing his hat into the European ring.

## Guilty feeling

Revenren mother, have you recently (out of the goodness of your heart) signed forms guaranteeing someone else's debt? If so, you may have cause to regret it. For your name might very well end up on the files of Britain's biggest credit vetting agency.

A number of nuns have landed up before the courts that way, according to Credit Data. Though the wheels of the law grind slowly, they grind exceedingly small. Credit Data, which takes all its information from public sources like the county court records, has had 7,524 applications to view its 10m files in the year since the Consumer Credit Act obliged the credit vetting agencies to make details of their standing available to the individuals concerned.

History does not record how many of those 7,524 individuals stamped out in high if inarticulate dudgeon. But 51 of them claimed and proved that some mistake had been made—the name wrong, the address wrong, the sums at issue wrong. Credit Data says that 27 of those mistakes resulted from the provision of wrong information by the Lord Chancellor's department. Certificates of satisfaction from the courts—acknowledging that the debt had been paid—were subsequently added to 280 files. Seven hundred and seventy three individuals added a note of explanation—a course presumably open to our hypothetical abbess. And 1,977 discovered that there was no information about them on the file. One presumes they were not disappointed.

## Force of habit

Did you hear about the overweight tax collector who lost a stone—but not before he'd tried to get blood out of it?

*Observer*

FINANCIAL TIMES SURVEY
Thursday July 6 1978

# ACCOUNTANCY

The British accountancy profession has spent the past year reassessing itself and its standards. This was inevitable following the defeat of the Morpeth proposals. But now it is time to get the show back on the road again.

## Call to close the ranks

By Michael Lafferty

*WE ARE a great profession with an international reputation for integrity, honesty and a dedication to high standards of conduct and service to the community. We must now close ranks—support sensible policies for self-regulation and collectively be determined to stand firm against interference in the regulation of our profession."*

*. . Eric Sayers, President of the Institute of Chartered Accountants in England and Wales, June 1978.*

THE ABOVE quote was how the incoming president of the English Institute of Chartered Accountants chose to rally his members at this year's annual conference in Brighton only a year after they had voted against their council's wishes to put a stop to the Morpeth inflation accounting proposals. It could also be read as: "Look chaps, the past two presidents have had a rough time. Give me a chance, please!

1977-78 was the year of back-pedalling by the leadership of the accountancy profession. It began with inflation accounting, and ran right throughout the various activities of the Institutes, including the dominant English Institute in particular. It was a great year for committees, exposure drafts, discussion papers and learning lessons. But it will hardly be remembered as a year when the profession took any significant steps forward.

The view was that the profession had been pushed too far, asked to accept too many fundamental changes and, after the Morpeth affair, was in no mood for proposals which had not been properly thought out. So the delay over the draft new audit standards turned into a marathon exercise in consultation, the autonomy of the Accounting Standards Committee was restricted and the promised censure statements on accountants criticised in Department of Trade investigations turned into toothless efforts at drawing "lessons" for the good of the profession. Altogether it really was something of a non-event after all the thrusting activity of previous years.

The change of attitude was abundantly clear at the Brighton conference. But there were signs too that Mr. Sayers, also the new chairman of the overall Consultative Committee of Accountancy Bodies (CCAB) believed it was time to get the show back on the road again. This is how he squared up to one problem.

"We cannot shrug off the current criticism of our profession. After all, as far as public company audits are concerned our members have for all practical purposes a monopoly in this field. The Government has a responsibility to ensure that where a company has a monopoly it does not abuse the position where the public interest is concerned. Similarly the Government has a responsibility to ensure that a profession in such a situation is so conducted by the members as to ensure high standards of work and conduct where the public interest is concerned."

Again, stressing the Institute's determination to remain self-regulating, Mr. Sayers suggested that to enjoy that privilege accountants' professional standards of performance and conduct must "be so high that it would be virtually impossible to frame legislation to legally demand them."

Perhaps Mr. Sayers sees another opportunity like that of the years immediately after the failure of the 1970 integration scheme for the accountancy profession to take another great leap forward. If he does there is no shortage of areas for action. The accounting standards programme for example needs to be put back on its feet with more resources than any other technical activity within the Institutes.

A start could be made on making the Accounting Standards Committee more suited to the job it has to undertake. It seems quite odd that a body primarily established to serve the needs of users of accounts should still be dominated by auditors, who are hardly the foremost consumers of accounting information. Recently, there have been moves to make accounting standards more acceptable to individual companies and industries with much damage to the ideal of one standard.

But so far there have been no initiatives to bring more users of company accounts into the stadard-setting process. Perhaps by doing so the accountancy bodies would not only serve the needs of shareholders and investors but also strengthen the hands of auditors.

Inflation accounting, of course, remains a delicate problem to be handled with care. But indications are that the accountancy bodies still stand committed to the eventual introduction of current cost accounts, if only in supplementary form. As president of the English Institute Mr. Sayers could have a great influence on the extent to which the planned exposure draft next year goes beyond the Hyde guidelines.

Another problem to be thinking about is the future of the Consultative Committee of Accountancy Bodies, the patched-up compromise for unity put together in the wake of the failed 1970 integration scheme. In May next year CCAB will have existed for five years, and there is likely to be pressure from the other accounting bodies for changes. Questions such as whether the English Institute president should continue as automatic chairman and the matter of a possible separate secretariat will have to be resolved.

The central question remains whether CCAB should be developed further as a more active umbrella organisation for the profession. Some prominent chartered accountants take the view that it has been a bit of a disaster for the English Institute, which has had to merge its identity with other bodies far less in the public eye like the Association of Certified Accountants, or the Institute of Cost and Management Accountants. They want to have the trend reversed, seeing nothing but further loss of prestige within the present system.

Even the Association of Certified Accountants accepts that integration is out for the foreseeable future. Instead, in a discussion document recently published (with about as much impact as the National Front's plans for taxation) it has put forward the idea of a federal structure for the profession. According to the aptly named "An Association of Ideas," this would eventually mean a profession settling down into four main streams:

(a) public accountants to service large companies;
(b) public accountants to service smaller companies and individuals;
(c) accountants in employment, both in the public and private sectors; and
(d) accountants in education.

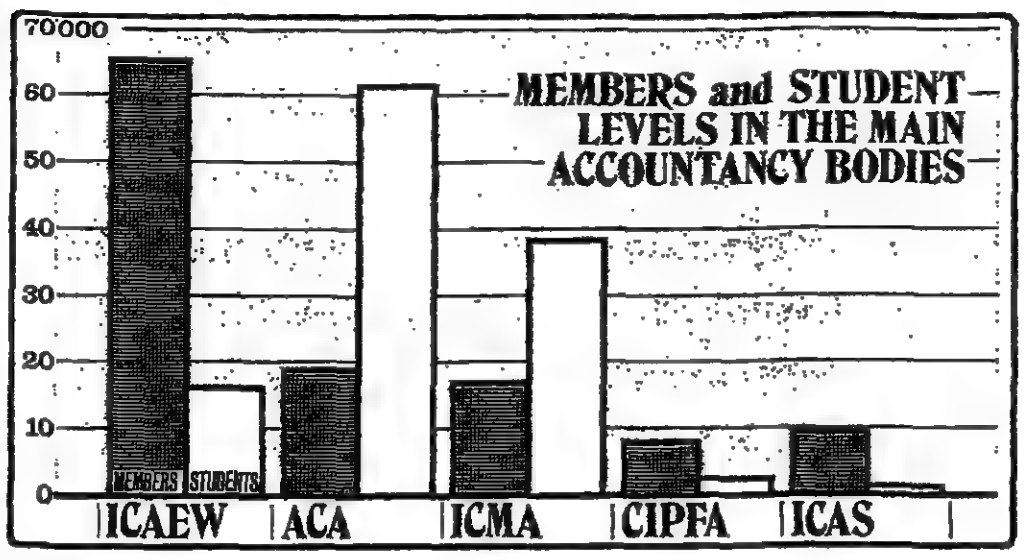
To be effective, the Association says, a federal structure would require registration of the profession with Government, so protecting the designation of "accountant" for members of the federated bodies.

The advantages of federation are summarised as:

- Better services for members.
- Higher national and international standing for British accountants.
- Better educational facilities for students.
- Lower administration costs.
- "Unlike integration, federation is not an 'all-or-nothing' formula. While a comprehensive scheme would, clearly, be more satisfactory, federalisation could if necessary proceed among some if not all of the six bodies, and could be extended among those areas on which agreement could be reached, while deferring those which presented difficulties too great to be encompassed at the outset."

Ironically, it is the Association itself which is increasingly becoming the odd-man-out of the CCAB bodies. Leaving aside the regional (Scottish and Irish) institutes of chartered accountants, it is the English Institute of Chartered Accountants, the Institute of Cost and Management Accountants and the Chartered Institute of Public Finance and Accountancy which have been co-operating most at the educational level, and through the sponsorship of a joint new technician grade. The accompanying chart gives some idea of each body's medium-term membership ambitions.

Judging by the history of the UK profession, and the vastly different educational policies of the individual bodies now, the Association's ideas look like a pipe-dream. Yet can it be in the public interest that there should be so many bodies competing in the same profession? Despite its vast foreign student body, one question the Association's discussion paper does not answer is whether it intends Association membership to become what it seems to be aiming at—some form of international accounting qualification mainly directed at the former British colonies. So long as it refuses to come to grips with this dilemma, the other accounting bodies will feel able to prolong the present set-up.




**ABBREVIATIONS**

**ICAEW** Institute of Chartered Accountants in England and Wales

**ICAS** Institute of Chartered Accountants of Scotland

**ACA** Association of Certified Accountants

**ICMA** Institute of Cost and Management Accountants

**CIPFA** Chartered Institute of Public Finance and Accountancy

# Tortuous years of inflation

INFLATION HAS recently eased below the 8 per cent mark, the lowest for five years, and accountants dream of the time when it shrinks to such a low figure—less than, say, 5 per cent—that the endlessly controversial subject of inflation accounting can be shelved. But this is not going to happen yet. Economists are agreed that we shall be lucky if UK inflation stays near current levels, and many believe that it will move back into the double figure range early next year.

So the process of developing a generally acceptable system of inflation accounting will continue. But the accounting profession has learnt some valuable lessons during the past few tortuous years.

This period has embraced the Sandilands Report and the subsequent Morpeth Steering Group's draft standard ED 18 on current cost accounting, and of course the dramatic vote a year ago at which members of the English Institute of Chartered Accountants rejected all attempts to introduce compulsory current cost accounting.

The old approach whereby attempts were made by the leaders of the profession to steamroller proposals through has now been dropped. From now on the Accounting Standards Committee is to adopt a much more cautious policy.

It will not run the risk of moving far ahead of general opinion within the profession, which in terms of numbers is still dominated by the members who operate in thousands of small firms up and down the country rather than in the relatively few big firms which dominate the auditing of listed companies and which provide the bulk of members of the profession's influential committees.

First evidence of this new approach came last autumn in the Hyde Guidelines, a rescue operation launched by the ASC to salvage something from the inflation accounting mess. The guidelines are highly simplified, they are entirely supplementary to the main historic cost accounts, which continue as before, and they are optional. This contrasts with the ambitious Morpeth ED 18 proposals which were highly complex and comprehensive and designed to oust historic cost accounting within a very few years.

In one crucial respect, however, the Hyde Guidelines went even further than ED18, in that they introduced a gearing adjustment. Most accountants have always insisted that a correction for monetary items is necessary to give a true inflation-adjusted version of shareholders' profit, though this has often met with resistance from industry.

In general the Hyde proposals have been quite well received by the large listed companies at which they are aimed. Most of the big companies have given all three figures, on the basis of which it is possible to calculate inflation-adjusted earnings and dividend cover.

The response has been patchy across the broad ranks of smaller companies, however, and a number of large companies have also made excuses. Sometimes it is claimed, for example, that the Hyde adjustments would be for some reason misleading. Other company chairmen fall back on the hoary old excuse that they are unwilling to give inflation-corrected figures until a generally accepted method has been devised.

A period of time will be necessary for the Hyde Guidelines to be tried out. But already the ASC is planning the next stage, which is to devise improvements both in content and coverage. A statement of intent earlier this week.

## Draft

It is likely that an attempt will be made, starting with a new exposure draft next March, to introduce compulsory supplementary current cost accounts for listed companies. This draft will be in place of the much more sophisticated CCA standard on which the Morpeth Group has been working since its ED18 proposals were rejected.

The ASC will not wish to suppress too much of the valuable work which has been done by the steering group. At the same time it will not wish to frighten the accounting profession again with highly complex and revolutionary proposals. A likely compromise is that the proposals will be kept quite short and simple, but the Morpeth Group will be asked to produce voluminous background material to guide companies in their calculations.

For the future the ASC probably envisages a step-by-step approach to full current cost accounting. Later stages would include the adoption of CCA for smaller companies, and the shift of the system from the supplementary figures into the main accounts, replacing the historical cost calculations.

But there is no question of these steps being taken without general agreement. In retrospect it is clear that the accounting profession made a mistake in allowing itself to be tied down to rigid timetables by the Sandilands Committee and its successor the Morpeth Group.

To be fair to the Sandilands Committee, though, it was deliberating at a time of accelerating inflation and at a period when it was thought essential to find a way of inflation-proofing the corporation tax system. In fact, ad hoc reliefs by the Chancellor, notably the deferring of tax on stock increases, effectively cured the tax problem. Inflation accounting is therefore not about cash but only about figures, and this has made it slightly less urgent.

Figures are still important if they have a direct influence on the decisions made by management and on the attitude of investors. But finance directors have had years of experience in which to learn lessons about running companies during periods of inflation. And investors have valued shares on lower and lower price-earnings ratios to take some account of the artificial boost given by inflation to historical cost earnings figures.

Stockbrokers Phillips and Drew have studied the impact of the Hyde recommendations on the figures of large UK companies. For 1977 Hyde profits before tax emerged on average some 32 per cent below conventional figures, and there was a similar reduction after tax. Compared with fully taxed historical cost figures the median dividend cover dropped from 2.9 to 2.0 times.

While the advance of inflation accounting has slowed down in the UK, it has speeded up in certain other countries. In the U.S., for instance, where an acceleration of inflation is now widely feared, the Securities and Exchange Commission has been ordering companies to divulge information on the replacement cost of assets.

Within the European Economic Community there is pressure to have clauses permitting a degree of inflation accounting written into the fourth Directive. But still resistance is being put up by the Germans, who are adopting the well worn argument that it is much better to eliminate inflation itself than try and accommodate it.

According to one well-informed source, however, the Germans are now putting forward a compromise view. They are suggesting that inflation accounting should be permitted for a limited period such as 11 years and then withdrawn so as to give countries time to eliminate inflation from their economic systems. The Germans themselves, of course, already enjoy one of the lowest rates of inflation in Europe.

It is, however, a bizarre proposition that the threat of the withdrawal of inflation accounting could bring about an end to inflation. It is also untrue that the adoption of inflation accounting will encourage the persistence of inflation: current cost accounting is equally as valid against a background of stable prices as in conditions of roaring inflation.

**Barry Riley**

# Controversy over standards

EARLIER LAST month Mr. Tom Watts became the third chairman of the Accounting Standards Committee, the group established by the accounting bodies back in 1969 to improve the accounting and reporting standards of British companies, particularly the quoted company sector. Such has been the achievement of ASC over the years that this is now probably the most important post in British accounting.

Mr. Watts, who was virtually called back from retirement for the job, faces a difficult task. He takes over the chair at a time when the rule-making committee's ability to act independently has been severely constrained (every document it publishes must have the approval of no fewer than six accounting bodies, or their presidents at least), while it is widely agreed tha after 9 years in its present form some fairly significant changes in methods and operation may be overdue. Apart from all this, ASC is now entering deeper waters in the subjects it is being asked to tackle, with the result that is becoming increasingly difficult to get general agreement on proposed solutions.

At the same time as he was appointed chairman designate of ASC early in 1978 Mr. Watts was asked to head a small review group whose task is to look critically at existing standard-setting procedures, and recommend whatever changes may be necessary to cope with the job of accounting rule-making from here on.

The move was by no means premature, though unlike so many other recent accounting developments it cannot be said to have been forced on ASC. Ever since the committee was established its pronouncements, not surprisingly, have attracted a fair share of controversy This is because accounting standards are not binding on companies as are the provisions of the Companies Act. They work through persuasion.

All auditors are obliged by their professional institute rules to qualify audit reports on companies where there has been a departure from standard accounting practice. The same obligation applies to finance directors, in so far as they are qualified accountants. Backing up all of this is a statement in Item 9(a) of the Stock Exchange Listing Agreement that quoted companies are expected to observe accounting standards.

## Risks

Operating thus in a quasi-legal capacity, yet depending for success on persuasion, the Accounting Standards Committee can only work effectively so long as there is general agreement on its pronouncements. If it gets too far ahead of the grass-roots accountancy profession or what companies are prepared to do, it risks loss of credibility. The Morpeth inflation accounting affair is probably the best example of this, though the controversial 1975 Corporate Report—suggesting future directions in financial reporting—is regarded by some accountants as almost equally dangerous.

In its everyday work of basic accounting standards - setting ASC has had its ups and downs, in the past few years particlarly. On more than one occasion it has been forced into a complete volte-face.

Perhaps the first example of this was the exposure draft on accounting for research and development expenditure, which come down against capitalisation of such costs as intangible assets in company balance sheets. But a sharp chorus of opposition from the electronics and aerospace industries soon put paid to that pious hope. A revised draft, now the accounting standard No. 13, said capitalisation was permissible in certain, admittedly tough, circumstances.

Hardly was this out of the way, however, than ASC found itself facing an even bigger revolt right across British industry over the standard on deferred tax. This required companies to set up so-called deferred tax liabilities in their balance sheets on account of the Government's accelerated capital allowances for plant and (later) for stock appreciation relief. Companies contended that they would never actually have to pay these tax liabilities over to the Inland Revenue.

Again ASC relented, suspended the standard, and came out with the now well-known ED 19 exposure draft which says companies need only provide in their accounts for those taxes they expect to have to pay in the foreseeable future. (Incidentally, the ultimate tax standard will perpetuate what has become every investment analyst's nightmare—companies will be permitted to provide for full deferred or actual taxes as they wish.)

Yet another example was provided by what has since become statement of standard accounting practice (SSAP) 12, dealing with depreciation. Here the property industry revolted against a ruling which would have required property investment companies to include depreciation charges for buildings in their accounts (it might have wiped out their profits) and at the last minute the English Institute of Chartered Accountants gave in to their demands, instructing ASC to conduct a detailed review of the industry's accounting problems.

These then, not to mention inflation accounting, are some of the experiences the Watts review must have in mind as it puts together a discussion paper on future accounting standard-setting, probably for issue in early autumn.

The group will probably take full advantage of the opportunity to get back to basic principles. It might help, for example, if there was a general re-appraisal of what accounting standards are for. It may seem appealing—for the sake of a quiet life—to allow more standards to become, in effect, double-standards. But such action would hardly be in the interest of the investing community or any other accounts users. Nor would it inspire much respect for accounting standards.

Again, it may be tempting to involve companies much more in drafting future standards. But if this leads to the degree of flexibility some companies are demanding the process may fall into disrepute for this reason too. It is only necessary to consider how quickly several companies have been to adopt favourable accounting standards long before they become effective, and how reluctant many others have been to follow unfavourable standards until they become binding, to appreciate that the matter of standard-setting should not be under excessive industry influence.

Perhaps the best way forward is to balance any greater industrial representation on ASC by equivalent representatives from accounts' users, as suggested in a recent report on accounting standards by a group of London accountants headed by Mr. Ken Gardener, finance director of Dunlop Holdings.

The Gardener group also concluded that both the accountancy bodies and the Stock Exchange should make greater efforts to ensure compliance with standards. It said that although at present these organisations state they support the standards programme "it is not clear how much they do to enforce them." It is difficult to

CONTINUED ON NEXT PAGE

## ACCOUNTANCY III

# The major firms dominate

CREASINGLY THE British ccountancy profession is coming like its U.S. counter- rt. Every year the handful major accounting firms are sponsible for an increasing oportion of quoted company dits; they dominate in both blic and private sector uble-shooting assignments d they have a virtual mono- ly of Government consultancy ork. Though the UK does t yet have a "Big Eight," a Second Seven" and then a big op to the thousands of other counting firms in precisely e U.S. proportions the parallel only too clear.

At the top of the UK league accounting firms is a group some 10 highly influential ms. Broadly, these are the rgest fee earners, employ the ost staff and partners, and old the largest numbers of oted company audits. But it not quite as simple as that. rthur Andersen, for example, smaller in UK terms than, r example, Thomson McLin- ck. Yet it is arguable that cause of Andersen's inter- tional size and reputation it olds at least as much clout ere as major UK firms with ss recognisable international ames such as Thornton Baker. Anyhow, the top 10 firms have ready identified themselves in tters signed jointly by all eir senior partners to the inancial Times over the past ear. They are the U.S. and ternational "Big Eight," plus homson McLintock and Turquands Barton Maybew. Dominating the group, of course, is the *sub-group of four* firms—Peat Marwick Mitchell, Price Waterhouse, Deloitte Haskins and Sells, and Coopers and Lybrand. The only way any of the other firms from the 10 could get into this size category *is through a merger* with one of the other large firms.

There is no shortage of rumour in the profession that merger (takeover?) discussions have taken place between some of the larger accounting firms, between members of the top 10 and the medium-sized firms immediately below, and between the medium-sized firms themselves. In the top group, for example, it is reasonable to suppose that Whinney Murray or Touche Ross will have actively considered substantial mergers; the former firm, indeed, is believed to have had very preliminary discussion with Thomson McLintock a few years ago.

*Given their international* connections, it seems highly unlikely that there will be a UK merger between members of the "Big Eight" in the foreseeable future. Indeed it is difficult to see how a merger of such scale would be possible even in the U.S. But what about the other large UK accounting firms—starting with Thomson McLintock and dropping to names like Spicer and Pegler, Stoy Hayward, Mann Judd and Tansley Witt? Here the betting must be on some fairly significant changes over the next decade.

International link-ups could have a lot to do with the outcome. What would have been the effect on Stoy Hayward if its U.S. associate Leventhol and Horwath had merged with Touche Ross two years ago? Maybe Stoy Hayward would have sought another U.S. con*nection, though these are few* and far between nowadays. But the recent example of Touche Ross linking up with Arthur Andersen's former Middle East associate, Saba and Co., which in turn is now merging with *Touche's former connections in* that part of the world, is another example of what can happen.

So in the case of Thomson McLintock it is likely that any change affecting its U.S. associate, Main Lafrentz, would bring about fairly rapid changes in the UK too, but not necessarily bringing both ends into the same "Big Eight" firm. However, such events are not going to occur overnight. A complicating factor in many cases is the degree (or rather lack of it) of central control, or "one-firmness" which exists in a firm.

Thomson McLintock, for example, consists of no less than 12 individual and fairly autonomous partnerships in the *UK which are backed up by a* central services organisation providing technical, training and quality control procedures and Turquands Barton Mayhew, though operating under a national name, does not appear too centralised either.

Again Turquands is a good example of a firm where a UK merger would be complicated by the team's foreign connections. Turquands itself is one of the largest accounting names in the Singapore/Malaysia part of the world. The UK firm is also a member of the European accounting partnership called Klynveld, Turquands, VDGT—consisting, as well as TBM, of the Dutch accounting giant Klynveld Kraayenhof (a firm which includes no fewer than 291 qualified accountants), and the second largest accounting firm in Germany, Vereinigte Deutsche Treuhandgesellschaft, based in Berlin.

Moving down the list of larger firms other merger problems begin to arise, like staff/partner ratios (many medium-sized firms are over-partnered, according to the large firms) and the proportions of small fee jobs in a firm's client profile.

*While these trends towards* greater concentration go on at the top end of the profession, the future for independent medium-sized accounting firms —starting from those below the top 15 or so firms—is getting tougher. Over the past few years there have been a large number of cases where they have lost quoted company audits to the "Big Eight" for reasons varying from their size and absence of international connections to their lack of immediate name recognition in the City.

Examples of such changes over the past few years include: Arthur Andersen's appointment as auditor of BICC in place of Chalmers Impey; *Price Waterhouse as auditor* of Reed International in place of Hill Vellacott; LRC's appointment of Whinney Murray in place of Keens Shay Keens; Ransome Hoffmann Pollard's appointment of Peat Marwick Mitchell in place of Tansley Witt, and Slough Estates' appointment of Deloitte Haskins and Sells, Lyle Shipping's appointment of Arthur Young McClelland Moores, Crosby House's appointment of Touche Ross, and Glaxo's *appointment of Coopers and* Lybrand as its joint auditors.

The pressures towards greater separation of the profession along U.S. lines into firms more or less involved with quoted company audits and those which *are not are increasing.* One example is the growing demand for the introduction of reviews as an optional alternative to the audit for proprictorial companies. Another is the likely development of the U.S. peer review system in the UK over the next few years.

These quality control and management-type audits have already been forced on the profession in the U.S., where the American Institute of Certified Public Accountants is now divided into two regulatory sections—one for firms with SEC practice clients and one for the large number of other smaller accounting firms. Only last month the chairman of the Securities and Exchange Com-

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## Rewards at Buzzacott and Co.

ACCOUNTANTS HAVE a vested interest in greater disclosure, yet they reveal very little about themselves. So far, for example, only a few of the major international accounting firms have disclosed their total worldwide fee income and only two—Arthur Andersen and Peat Marwick Mitchell—have published detailed accounts. So the rewards of being a partner in Peats or Coopers of the UK remain a secret to all but the partners themselves (and the Inland Revenue), though speculation puts the total remuneration of senior partners in such firms into six figures.

But what about the vast numbers of smaller accounting firms up and down the country? From sole practitioners to 30-partner firms very little is known about a typical partner's remuneration package.

The 14-partner firm of Buzzacott and Co., chartered accountants is an exception. It operates with a staff of 120—including 20 qualified accountants and 50 students from an office in Salisbury Square in the City and has all the attributes typical of the average medium-sized accounting firm. It has a few small quoted company audits, an all-round spread of small company, tax and accounting work up and down the country, and a sort of speciality in that it does a number of audits for charities and religeous orders. Here clients vary from the Catholic Daughters of the Cross to the Home for Aged Jews.

Buzzacott hopes to have gross fees this year of £1.2m—an average of about £86,000 a partner against a target for each partner in 1980 of £100,000. The average partner's salary for the current year is likely to be at least £22,000. A junior partner starts at about £13,000 and the highest paid non-partner gets about £10,000 plus.

The age of the partners ranges from 30 to 63 for the most senior. Again contributions to the firm's estimated £1m working capital requirements vary with seniority: but the lowest capital share is £14,000 and the highest £4,000.

### THE BIG ACCOUNTING FIRMS IN BRITAIN

| | | Partners | Professional staff* | Staff/ partner ratio | Total | Estimated gross fee income 1978 £m |
|---|---|---|---|---|---|---|
| 1 | Peat Marwick Mitchell | 143 | 2,642 | 18.47 | 2,785 | 30.6 |
| 2 | Deloitte Haskins and Sells | 214 | 2,331 | 10.89 | 2,545 | 28.0 |
| 3 | Coopers and Lybrand | 127 | 1,702 | 13.40 | 1,829 | 20.1 |
| 4 | Price Waterhouse | 101 | 1,608 | 15.92 | 1,709 | 18.8 |
| 5 | Whinney Murray | 105 | 1,496‡ | 14.25 | 1,601 | 17.6 |
| 6 | Arthur Young McClellend Moores | 84 | 1,300 | 15.48 | 1,384 | 15.2 |
| 7 | Thomson McLintock | 125 | 1,235 | 9.88 | 1,360 | 15.0 |
| 8 | Touche Ross | 82 | 1,260 | 15.36 | 1,342 | 14.8 |
| 9 | Turquands Barton Mayhew | † | † | † | † | † |
| 10 | Arthur Andersen | 48 | 701 | 14.60 | 749 | 8.2 |
| 11 | Thornton Baker | 211 | 1,601 | 7.59 | 1,811 | 19.9 |
| 12 | Spicer and Pegler | 79 | 867 | 10.97 | 946 | 10.4 |
| 13 | Josolyne Layton Bennett | 97 | 750 | 7.73 | 847 | 9.3 |
| 14 | Mann Judd | 82 | 700 | 8.54 | 782 | 8.6 |
| 15 | Pannell Fitzpatrick | 93 | 675 | 7.26 | 768 | 8.4 |
| 16 | Binder Hamyln | 78 | 630 | 8.08 | 708 | 7.8 |
| 17 | Tansley Witt | 79 | 573 | 7.25 | 652 | 7.2 |
| 18 | Robson Rhodes | 50 | 450 | 9.00 | 500 | 5.5 |
| 19 | Deardens | 61 | 369 | 6.05 | 430 | 4.7 |
| 20 | Hodgson Harris | 31 | 375 | 12.10 | 406 | 4.5 |
| 21 | Armitage and Norton | 54 | 332 | 6.15 | 386 | 4.2 |
| 22 | Stoy Hayward | 30 | 328 | 10.93 | 358 | 3.9 |

This data relates only to Great Britain. * Excludes ancillary staff such as secretaries. † Information not provided. ‡ Estimate.

## Standards

CONTINUED FROM PREVIOUS PAGE

disagree with the Gardener *group's conclusion that there* has been little visible evidence of effort, particularly from the Stock Exchange. An active Stock Exchange role in enforcement would do much to encourage the work of ASC.

*But all the indications* are that the Stock Exchange has no stomach, as it says, for doing the accountants' work for them. On the contrary, it would seem that it is extremely sensitive about making listing requirements any tougher at a time when the prevailing mood is against greater regulation of industry. But is it possible that the new Council for the Securities Industry will have a role to play in place of the Exchange?

Finally, it seems worth record*ing another Gardener* recommendation which appears to have the support of the Watts group. This says that separate standards may be necessary for specific industries, and it mentions property, banking, insurance and oil—sectors which have given the accountancy professions on both sides of the Atlantic more than a fair share of trouble up to now. The road to special cases could hold many easy solutions. But the greatest problem for the Accounting Standards Committee will be to remain independent, striving to serve shareholders first of all, and not forgetting all those other users of company accounts.

M.L.













# Some leaders in the profession

**The profiles on this and the following page were written by Michael Lafferty, Barry Riley and Terry Ogg. Together they provide a representative selection of the work of accountants in public practice, industry, Government, research and similar fields.**

## Mr. Eric Sayers

MR. ERIC SAYERS is only the second President of the English Institute of Chartered Accountants with a background in industry. At 61 he is chairman of Duport, the Midlands motor components group, having previously been managing director, and a board member since 1962. As such he is probably typical of senior chartered acountants in industry who now account for some 80 per cent of the finance director positions among major UK companies.

Mr. Sayers qualified as a chartered accountant shortly before the outbreak of World War II and after two years with the Royal Air Force he was seconded to the Ministry of Aircraft Production where he was mainly engaged in cost investigations. He has specialised ever since in management accounting and business management. He joined Duport in 1956.

As an industrial member Mr. Sayers has not been able to devote the same amount of time to professional affairs as his practising colleagues. Consequently he has chaired none of the Institute's main committees, opting instead for chairmanship of the young post-qualifying education committee, where he has been one of the main strategists.

Apart from accountancy, Mr. Sayers is a member of the CBI council and chairman of the CBI energy committee. Colleagus describe him as a good practical man who dislikes long meetings and gets things done. As chairman of Duport he was paid £10,500 last year; £22,000 in 1976 and £27,000 in 1975, the year he relinquished his post of Duport's chief executive.

*Mr. Eric Sayers, president of the Institute of Chartered Accountants in England and Wales and chairman of the Consultative Committee of Accountancy Bodies.*

## Mr. Tom Watts

A YEAR ago Mr. Tom Watts was planning his imminent retirement after working for 44 years in Price Waterhouse, where he became an articled clerk at the age of 17 and a partner at 46. During his time as a partner in PW he had built up a considerable reputation as an accounting theorist, had become the firm's first technical partner and served on the council of the English Institute of Chartered Accountants.

In the seventies he had become known as the accountancy profession's "Mr. Europe" because of the time he devoted to representing the Institute and advising the Department of Trade on EEC company law harmonisation matters. Yet he had never held any of the high offices of his Institute—some say because he has never been afraid to speak his mind.

So it is reasonable to suppose that Mr. Watts was a little flattered, if not amused, when he was asked earlier this year to take on the job of chairing the profession's Accounting Standards Committee. He accepted because he liked the challenge, and now faces a period of at least two years in the post.

At 61, with an unrivalled background in technical accounting study within the profession, Tom Watts is probably the best man for the accounting hot seat. He is devoting his first few months to a study of what accounting standards are, and ought to be. But, for a man faced with the task of getting inflation accounting back on the road, he has no illusions about turning accounting theory into practice. "Politics is the the art of the possible, old boy," is one of his favourite remarks these days.

*Mr. Tom Watts, chairman of the Accounting Standards Committee.*

## Mr. Douglas Morpeth

IT IS now just about a year since the members of the English Institute of Chartered Accountants effectively rejected the exposure draft ED 18 produced by the Inflation Accounting Steering Group under the chairmanship of Douglas Morpeth. A further setback for the group came when plans to publish revised and simplified proposals were turned down by the accountancy bodies in the interests of giving a clear run to the Hyde Guidelines. But Mr. Morpeth did not give up, and in continuing to lead the group in the development of current cost accounting he has again displayed the ability and resourcefulness which took him very high in the profession at a comparatively young age.

A Scot, he has been prominent in the affairs of the English Institute. He joined the Council in 1964, was chairman of the Parliamentary and Law Committee from 1966 to 1969, and became president of the Institute in 1972-73. Mr. Morpeth is vice-chairman of the Accounting Standards Committee, and of course is widely known for his work on inflation accounting.

His professional career, meanwhile, has been spent at Touche Ross, which he joined in 1952, becoming a partner in 1958; until 1972 his specialisation was tax. He is currently chairman of the Touche Ross Board of partners, with responsibility for the business development of the firm. In addition he recently became chairman of Clerical, Medical and General Assurance among other external appointments.

At the time it was set up the chairmanship of the Inflation Accounting Steering Group appeared to be one of the plum jobs in the world of accounting, but in the event it has turned out to be a very hot seat. The group accepted the ambitious timetable laid down by the Sandilands Committee, but unlike Sandilands it had to deal with the grassroots of the accounting profession.

Mr. Morpeth also entered into a somewhat controversial situation when he became one of the two Department of Trade Inspectors into the collapsed Court Line holidays group. The Inspectors' report, published in March this year, criticised Court Line's accounting methods and stated that the 1973 accounts did not give a true and fair view.

*Mr. Douglas Morpeth, chairman of the Inflation Accounting Steering Group.*

## Mr. Kenneth Sharp

ALTHOUGH FOR many years a partner in the Carlisle firm of Armstrong Watson in one of England's remoter corners, Kenneth Sharp has more recently established himself right in the centre of the Whitehall corridors of power. Since 1975 he has been head of the Government Accountancy Service. His stepping-stone to this position—incidentally an entirely new post—was his year as president of the English Institute of Chartered Accountants in 1974-75.

At one time he was the youngest member of the Institute's Council, which he reached in 1966 at the age of 39. His energy and enthusiasm took him six years later to the vice-presidency, and he became one of the few presidents to originate from outside the big accounting firms. This naturally gave him a special interest in the problems of the smaller audit.

The post of Head of the Government Accountancy Se vice arose out of a 1973 repc on accountants in the Ci Service by Sir Anthony Burn and Sir Ronald Melville. was proposed that a profe sional structure should be up for accountants within t Civil Service, on the lin of those already in existen for lawyers, economists at statisticians.

Kenneth Sharp was the m recruited to give shape to t new policy. His brief was advise on the work, care management and deployme of professional accountan within Government depa ments. He also took on th post of adviser to the Depar ment of Industry.

Much of his work embrac unglamorous areas like the u of internal audits (carried o by qualified accountants) as means of achieving greate efficiency within the publi sector. But he has ofte proved willing to air his view in public on many controversia topics. In recent months, for instance, he has criticised the Cross Committee proposals on disciplinary procedures, and called for ways of implementing current cost accounting for small businesses on a voluntary basis.

*Mr. Kenneth Sharp, head of the Government Accountanc Service.*

## Mr. John Grenside

THE AGE of dominant personalities is past. It is now the era of the team, according to John Peter Grenside, the man who understudied the ebullient Sir Ronald Leach for three years before succeeding him as senior partner at Peat Marwick Mitchell late last year.

"My chief concern is to progress the firm of Peat Marwick Mitchell," he says. "Now how far in today's environment it is possible to make a personal impression while doing that is difficult to say. As senior partner, one's greatest efforts are to rationalise, and harness in harmony the excellent, free-thinking individuals that make up the partnership."

A solicitor's son, Mr. Grenside opted for classics at Rugby and entered the accountancy profession at the suggestion of his father. It offered better all-round training and prospects than the law, which was Mr. Grenside's natural, if not very strong, preference. War service in the Royal Artillery interrupted his training. In 1948 he qualified and joined PMM, becoming a partner in 1960, and senior partner designate in 1974 before his present elevation.

In the early-60s he began to get involved in Institute affairs through the Overseas Relations committee and the Parliamentary and Law committee. He became president of the Institute in 1975-76. "There's not much one can do in one's year as president of the Institute. It's a matter of progressing the Institute and the profession," he says.

Earlier this year he was appointed to chair the joint committee established by the profession to develop the Cross Committee recommendations. "One can never be completely happy with the outcome of a committee's examination of a subject as complex as a profession's attempt to regulate the quality of its work," admitted Mr. Grenside. "What is proposed cannot stand on its own. It is a particular element of a scenario designed to improve the profession's position and restore public confidence that, rightly or wrongly, has been shaken by recent criticisms.

"We had to strike a balance between what we believed the industry would accept and something draconian. Draconian measures can be counterproductive in that they chase good people out of the profession. We also had to be careful not to set up a committee of perfection. After all, nobody runs an airline without having a crash."

He intends to stay in the chair at Peats for the next six to nine years. During that time the partnership's college of cardinals — the 20 or so leading partners — will be watching for a successor to emerge from the ruck. "It may not be a particularly democratic way of selecting a senior partner but it works," he declares.

*Mr. John Grenside, senior partner, Peat Marwick Mitchell.*

# M. Ian Hay Davison

THER Professor William 's recollection that Ian Davison is the only LSE it he can remember who secretary is wholly true. s not sound too far off ark. For Ian Hay Davison rent in all sorts of ways. s been highly successful professional life so far, abbled in politics, and it mind airing his controviews on what are ly the most sensitive subaccounting.

first and foremost Ian vison is Arthur Ander- became managing partie London firm in 1966. day he was made a and has been the and figurehead behind 's rapid growth in ever since, having UK managing partner

*Mr. Ian Hay Davison, managing partner, Arthur Anderson UK.*

still the smallest of Eight international ng firms in UK terms, had no UK base until But it is catching up 1972 the firm did 17 company audits; now it 5. By all accounts it getting more than an share of Government olic sector consultancy recent years for a firm It may have been in the old days, now Andersen is said to be st aggresssive in the ng services market-

Hay Davison has recoghe importance of pro l involvement in the ment of his firm. After d of five years on the ee of the London and Society of Chartered ants he was elected to ncil of the English Insti- 1975. Since then he has member of the Auditing s Committee, the educad training committee, Morpeth steering group.

Outside Arthur Andersen, Ian Hay Davison's standing has been recognised through his appointment by the Department of Trade as the Inspector in Mr. John Stonhouse's London Capital Groups (where the report had some harsh words for that other well-known chartered accountant, Sir Charles Hardie) and more recently when he became the inspector investigating the Grays Building Society affair. Apart from this he is also a member of the Price Commission, a position which gives him a unique opportunity to see how his competitors go about advising their clients.

At 46 Ian Hay Davison is still young in his professional life. Many who know him say he would make an excellent presdent for the English Instiute, but forecast this is unlikely for some time because he ruffles too many feathers in the Moorgate Place Council chamber. They had better not leave it too late, for above all else Ian Hay Davison does not lack ambition.

# Professor Edward Stamp

IT SEEMS odd that the best known accounting academic in the UK should not even hold a British accounting qualification—but it is true. The man in question is of course the 49-year-old Canadian-born Professor of Accounting and Finance at the University of Lancaster, Professor Edward Stamp.

Eddie Stamp trained as a chartered accountant with Clarkson Gordon, Canada's big accounting firm, and became a partner at the age of 31. But the prospect of spending the rest of his life solving the limited number of problems his clients came up with led him to give up this comfortable existence for "the freedom and independence" of academic life.

His first teaching position was at the University of Wellington in New Zealand, where he soon ended up a professor. In 1967 he came back to the UK (he had read his MA at Cambridge) to become the first full-time professor of accounting at the University of Edinburgh; where he remained for four years. It was here that he first attracted attention in the UK accounting profession after launching a campaign for better accounting standards in The Times which eventually played a large part in the establishment of the Accounting Standards Committee.

*Professor Edward Stamp, J. Arthur Rank Research Professor and Director of the International Centre for Research in Accounting in the University of Lancaster.*

Ever since he has rarely been quiet for long. He has been involved, either as a committee member or as a commentator, in all the main accounting issues of recent time, including the Solomons report on education and training, the controversial Corporate Report, auditing standards and professional discipline, inflation accounting and, latest of all, the recent UN disclosure proposals for multinationals.

In all this Professor Stamp differs considerably from the traditional UK accounting academic who prefers to work away from the public gaze. At Lancaster his accounting department, with 17 full-time staff, is the largest in the country. He also heads up the International Centre for Research in Accounting at Lancaster, the only such unit outside North America.

Professor Stamp's work has been recognised in several countries. Only last year he become the first European academic to get the American Accounting Association's award of distinguished international visiting professor. His next public blast looks likely to come from a book on international auditing standards due out this autumn. Eddie Stamp reckons the UK profession's Auditing Practices Committee could learn a thing or two from reading it.

*Ms. Vera di Palma, vice-president of the Association of Certified Accountants.*

# Ms. Vera di Palma

AN ABILITY and an interest in bookeeping at school led Vera Di Palma to success in breaching the inner sanctums of the male - dominated accountancy profession.

Recently elected vice-president of the Association of Certified Accountants, she took two positive steps to advance the cause of equal opportunity for women within the profession. She specialised in tax work and in 1965 she formed the Certified Accountants Women's Society.

In 1967-68 the women's committee established a goal of getting a woman on the council. But without the backing of the incumbents the first two attempts failed. Miss Di Palma also failed in her first attempt but received such strong grass-roots support that the following year, 1971, she was invited to stand again. The endorsement carried the necessary weight and she joined the council.

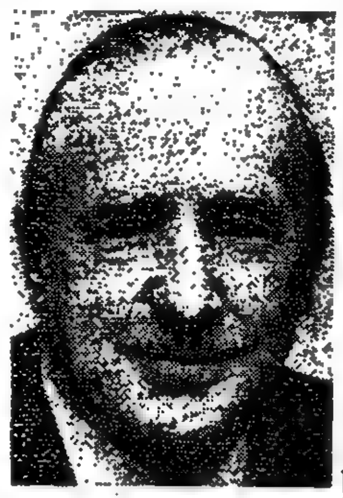
Integration was rejected by the Institute of Chartered Accountants in 1970 but she believes that federation "where each of the bodies will have a degree of autonomy within an overall framework" can be achieved.

# Mr. Patrick Custis

PATRICK CUSTIS is a prominent representative of the substantial body of chartered accountants who work in industry. When he spoke up in public at a Financial Times conference on inflation accounting in 1976 his views struck chords elsewhere: his speech was instrumental in the formation of the Midlands Industry Group of Finance Directors. This is one of four similar groups which now exist, representing the opinions of senior finance men in industry.

Born and educated in Dublin, Paddy Custis is comprehensively qualified, for as well as being a fellow of the English Institute of Chartered Accountants he is a fellow of the Institute of Cost and Management Accountants and a fellow of the Chartered Institute of Secretaries and Administrators.

After qualifying as an accountant he joined Sir Val Duncan's team at RTZ in the early 1950s. In 1955 he moved to the Midlands and to Glynwed, where he began as a group accountant and eventually became a subsidiary company director. The next move was to GKN in 1967, where his initial post was as controller international. There followed a spell as a director of the group's Birfield transmisions business, and after a short period as group controller of GKN Mr. Custis was appointed to his present post of director of finance in April 1974.



*Mr. Patrick Custis, finance director, GKN Ltd.*

As chairman of the Midlands Industry Group — the so-called Midland "Reds" — he came out strongly in favour of a gradualist approach to current cost accounting, rejecting the ED 18 proposals as too complex and endeavouring to do too much too soon. He urges that accountants from industry should play a much bigger role in the development of accounting standards, a process which until now has been heavliy dominated by accountants from the big professional firms.

# Mr. Martin Gibbs

MARTIN GIBBS confesses that he got involved almost by mistake with inflation accounting, the subject which has brought him into the public eye. It was about six years ago that he took over the writing of a paper on inflation accounting at short notice from a colleague. Since then he has published many articles, given many speeches and been at the forefront of the debate.

In 1959 Martin Gibbs had left Chalmers Impey to join the stockbroking firm of Phillips and Drew at a time when the stock market was enjoying possibly its most profitable bull market ever. He joined, incidentally, a five-strong research department which consisted entirely of accountants. The bull market soon faded but Mr. Gibbs stayed and in the course of working his way up to his present position of senior research partner he has made a substantial contribution to the building of Phillips and Drew's reputation as a leading research house.

*Mr. Martin Gibbs, senior research partner, Phillips and Drew.*

After serving on a Stock Exchange committee on inflation accounting he joined the working party which was established by the Morpeth Steering Group to investigate adjustments for monetary assets and liabilities. Mr. Gibbs was also a member of the study group, set up by the Accounting Standards Committee, which produced the controversial study The Corporate Report. Last November he was invited to join the ASC itself, where he plays an important role as a representative of the investment community.

Martin Gibbs regards his part in the adoption of a gearing adjustment in the Hyde Guidelines as perhaps his major achievement. But he goes further, arguing skilfully and persistently that debtors and creditors should be distinguished from other monetary items, and he is continuing to campaign to get the Hyde formula improved in this respect. He points to ICI's recent current cost accounts as an important step forward.

# Major firms dominate

CONTINUED FROM PAGE III

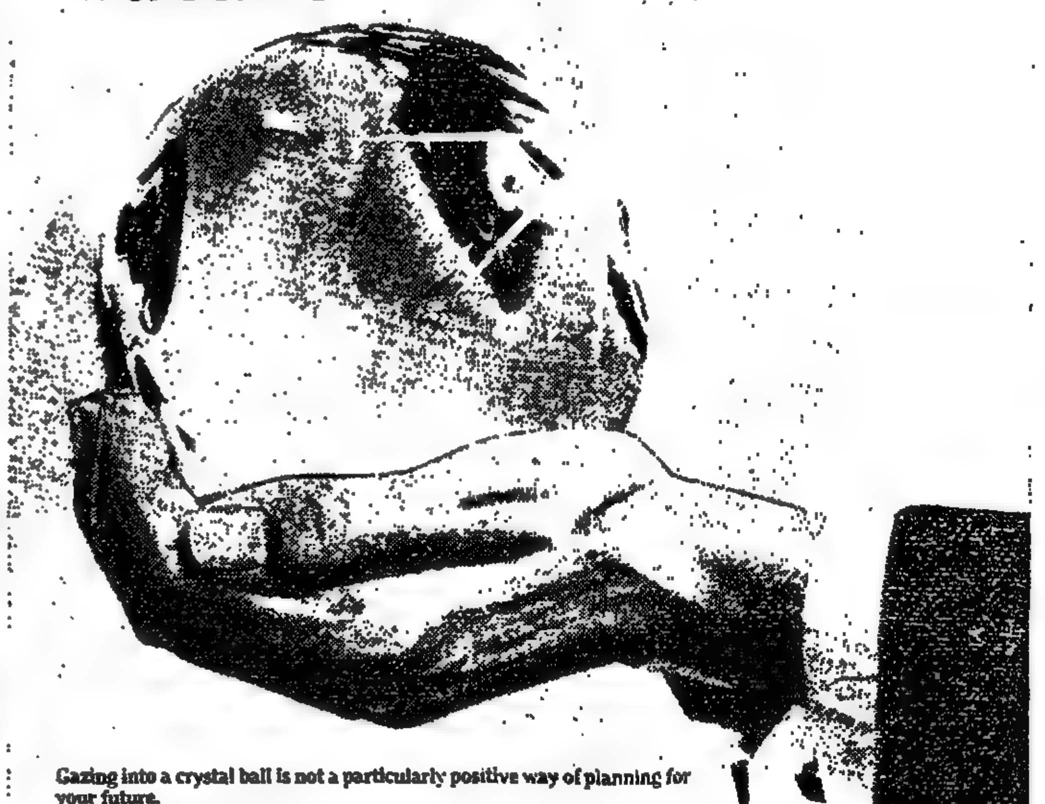
mission, Mr. Harold Williams, expressed the view that the peer review system would shortly have to be extended to the foreign offices of U.S. accounting firms, or their associates, which are involved in the audit of companies coming under the agency's jurisdiction.

Among the smaller practitioners of the profession work is by all accounts booming as ever-increasing numbers of people, particularly those with more than one source of income, seek professional tax advice. There are also indications that professional accountants are playing a greater role in the affairs of their smaller family business clients. This is evidenced by simple things such as accompanying a client when he goes to his bank manager for finance and the preparation of basic budgets and management accounts.

But there are problems here too, not the least of which is staff. Small practitioners find it difficult to pay the same rates to articled clerks as the majors, so increasingly they must rely on unqualified and often part-time labour. One of their greatest problems lies in convincing the young student that life is even more exciting with them and experience more wide-ranging than doing fixed asset or systems audits at the top—in companies like GEC or Grand Metropolitan.

M.L.





# Putting the house in order

UNTIL ABOUT a decade ago little was to be read about the accountancy profession, or the art of accounting and financial reporting in the national Press. Then in 1969, after a series of "public cases," the English Institute of Chartered Accountants (later to be joined by the other main accounting bodies) decided to take upon itself the task of laying down rules which companies would be expected to follow—to avoid the risk of getting a qualified audit report—in preparing their accounts.

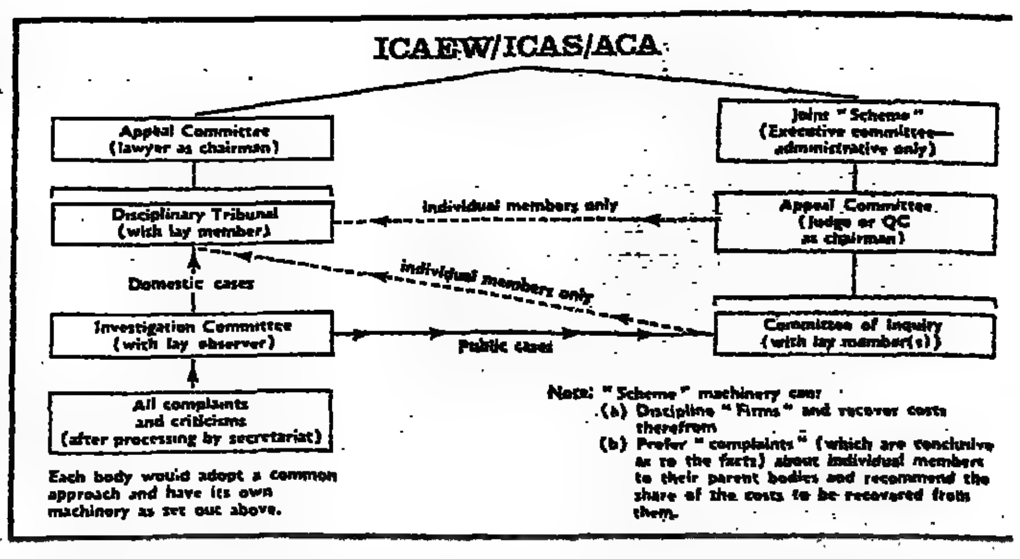
From then on accountants have been very much in the public eye. It was almost as if, after complaining for years that they were being ignored, the accountants had at last achieved their place in the sun. Alas, it was not to be all sunshine. There were clouds too. The storm took its time breaking, but when it did so in 1976—in the aftermath of the secondary banking and property collapse a couple of years earlier—it almost turned into a cyclone. The profession was knocked off balance by the extent of the criticisms against respected accounting firms, and the publicity that each affair attracted.

Suddenly, distinguished auditors were being accused of bad workmanship—in effect failing to do their duty to shareholders — by Department of Trade inspectors, one of them usually a fellow senior chartered accountant from another accounting firm. And the profession had no easy answer to those, like the financial Press, who asked whether the revelations were typical, what measures would be taken against those criticised and, most important, what provisions existed to ensure that similar failings did not arise again.

But it responded in the end by setting up committees to look into the various problems raised by the "scandals." One of these was the decision to proceed with a programme of auditing standards. The others included:

- The establishment in October 1976 of a committee of inquiry under Law Lord, Lord Cross of Chelsea, to consider "to what extent, if any, the investigatory and disciplinary organisations and powers of the three (accounting) bodies may require to be changed to enable them to deal both effectively and justly with the allegations of unsatisfactory professional conduct by any member." Cross reported in November 1977:
- the publication, in December 1977, of draft new ethical rules, including provisions dealing with independence;
- the announcement in October 1977 of a new policy of public statements, said to be similar to those issued by the Takeover Panel, drawing the attention of the profession to the conclusions and lessons which may be learned from particular Department of Trade reports involving criticisms of accountants;
- in December 1977 it was declared that wider publicity would be given in future to members who have been disciplined in regard to public interest cases;
- following the Cross Report another committee chaired by Mr. John Grenside was established to take the disciplinary matter a stage further. Its report, suggesting a new approach to self-regulation, came out in May this year.

The Cross Report did not get a good press, for it contained no immediate solutions to the main difficulties facing the profession. Its principal recommendation was that the accounting bodies "consider setting up domestic tribunals with lay representatives to deal with allegations of unsatisfactory professional work." Splitting disciplinary problems into "public" and "private" cases, Cross concluded that it was only in the former category that the image of the profession demanded action.




## Disclosure

Another aspect of the Cross Report was its disclosure that the Government had indicated unwillingness to give the accountancy bodies statutory powers in the area of investigation and discipline such as exist for doctors and solicitors to compel third parties to give evidence or to disclose documents.

Cross believed that the absence of such powers would make the job of policing professional standards infinitely more difficult, and he could not propose any way round the problem. Whether this was a nod or a wink, it is to the credit of the profession that it decided to take another look at the problem via the Grenside committee. Like Cross, Grenside found that the absence of statutory powers would be a major disadvantage. What is significant about the second report is the determination it shows to make the best of the situation without the help of the law.

The main Grenside recommendations, which have already been supported by the councils of the main accounting bodies, are:

- the extension of disciplinary jurisdiction for individual accountants to include inefficiency and incompetence to such an extent or on such a number of occasions as to cause concern about its effect on the standing of the profession;
- the establishment of joint machinery ("the joint scheme") to inquire into and make findings upon the professional conduct, efficiency and competence of members and of member firms in circumstances which give rise to public concern;
- the inclusion of lay members at all levels in the investigatory and disciplinary processes;
- the creation of practice advisory services;
- stricter control over practising certificates;
- the need for development of the continuing professional educational programme.

One of the most significant features of the proposed joint scheme is that disciplinary action by the committee of inquiry will be only taken against accounting firms. Any individual accountant found wanting will be dealt with by the normal disciplinary processes of his own accounting body.

## Enabling

The joint scheme—so-called because it is intended to cover the English and Scottish Institutes of Chartered Accountants, and the Association of Certified Accountants—is to be established by means of an enabling clause in the respective bodies' constitutions providing that (a) members in practice must undertake on behalf of their firms to co-operate; (b) individual bodies' investigation committees will refer cases to the joint scheme machinery when the public interest is involved; (c) the domestic disciplinary committees must accept as conclusive any findings of the joint scheme, thus avoiding the need for re-investigation. The accompanying chart shows how the whole process is intended to work.

The great drawback of joint scheme is its cost. Acc ing to Grenside, a single inq into a complex matter could over £50,000, though the a age is more likely to be aro £90,000. This could be in part by the proposed po to recover costs from offend firms and members, but the b will have to come from posed levies on individ accountants, totalling some annually to begin with. recommendation is for capita levy of £2 for each a tant, with an additional lev each partner in every U.K. f This would vary from £5 partner in a two-partner firm £50 per partner in firms w over 50 partners.

Another feature of the jo scheme is that it is to be im mented at a time when there re-kindled enthusiasm for s regulation right throughout City. This has already manifes itself in the new Council for Securities Industry, on which accounting bodies are rep sented. With such back-up a the planned undertakings fr partners in accounting firms support the scheme it wou seem that the Grenside p posals have a fair chance working.

But the accountancy bodi know only too well that th scheme will not have establishe itself until it has dealt with case involving one of the majo accounting firms. The sentence hands out then will probabl determine whether self-regul tion has a future in accountin.

M.I

# Complying with EEC directives

THE PAST YEAR has brought the approval of one important EEC directive and the publication of the draft of another one, known as the eighth directive on the professional qualifications of auditors. The first is much more important for companies in general. It is the famous fourth directive on annual accounts, which received the approval of the Council of Ministers (in the shape of the EEC States' Foreign Ministers) on June 27. This directive is expected to be published about now.

The fourth directive has been approved only after many years of lengthy legal wrangling among civil servants from each member State as well as Commission officials. As such it is reasonable to presume that it has much of the character of the lowest common denominator about it. Yet it cannot be dismissed even by such an advanced company law/accounting country as Britain.

It is likely, for example, that the fourth directive will lead to substantial changes in the way British companies present their accounts. This is because for the first time in the history of UK company law there will be legislation laying down standard formats for both the profit and loss account and the balance-sheet. Prescriptive accounting of this nature is common in countries like West Germany, France, and Belgium.

The directive includes four alternative layouts for the profit and loss account and two for the balance sheet, but member States have the option of limiting applicability within their own countries. Apart from the insignificant option of vertical and horizontal balance sheets and profit and loss accounts, the only real choice is between the income statement where expenses are analysed by type (eg, wages) or by operation—for example, distribution and administrative expenses. It is to be hoped that Britain will legislate only for the latter, since the other profit and loss formats have nothing new to offer.

The fourth directive is only meant to apply to individual company accounts, however having originally been drafted to harmonise accounting in six countries where consolidation was not the common practice. But it is being suggested that the UK will implement it as applying directly to group accounts, so avoiding the unnecessary duplication of having holding company accounts drawn up on a fourth directive basis (with an added P and L account) and the consolidated version as it is now.

An important point for UK companies at least is that the directive embraces the true and fair view requirement, specifically stating that where a company's directors consider that compliance with the law does not give the necessary view, they must do whatever else they consider more appropriate. It remains to be seen how this will be written into German company law, where the notion of "if it's not in the law, it's not done" is the order. Incidentally, companies will not be obliged to follow the layouts exactly as published; they can relegate detail to the notes.

The following are among the more interesting aspects of the directive, as far as British companies are concerned.

CONTINUED ON PAGE VIII

# Fresh attention being paid to student training

ERE IS probably no more sitive subject within the UK untancy profession than the cation and training of its lents. Indeed it is the ner in which each of the main bodies provides for the ning and education of their ire members which dis- uishes one from the other.

hartered accountants, ther English, Scottish or h, can only be trained in the practising side of profession, rather like citors. Certified accountants the other hand may train le gaining accounting and ncial experience in industry, commerce or the profession. Cost and management accountants train almost exclusively in industry, while members of the Chartered Institute of Public Finance and Accountancy gain their experience to a large extent in town halls and the public sector up and down the country.

Even within the three chartered institutes of the British Isles, there are differences. The Institute of Chartered Accountants of Scotland is the only one which provides its own training and examination courses for students. It is able to do this because its student body (1,600) is so small in relation to that of the English Institute of Chartered Accountants, for example, which has a student population of some 16,400.

Nevertheless it is within the English Institute that the most fundamental changes in accountancy eduction have been taking place in recent years. They date from 1972 when the Institute council published a booklet called "A Policy for Education and Training" containing a clear warning that entry and examination standards were going up.

## Minimum

First, there were to be no more "O" level entrants to the profession; the minimum standard was going up to two "A" levels. In addition, non-graduate students were to be required to take a year's Institute accredited foundation course at a polytechnic and pass an Institute-monitored exam before entering into a training contract—the new name for articles of *clerkship*. Even non-relevant graduates—those not holding degrees in subjects like economics or accounting—would have to take a graduate conversion course before starting training.

*Other features of* the new policy included: greater control over training contracts by the introduction of training records, creation of a board for the accreditation of authorised principals—the partners in firms with whom students enter a training contract: and the encouragement of group training schemes for smaller accounting firms.

*This policy* meant that the English Institute, having been little more than an examining body for 96 years, was at last assuming some responsibility for monitoring the education and guiding the training of its future members. Implementation of the programme has had a dramatic impact on pass rates in the Institutes two professional exams, professional 1 and professional 2. Whereas in the old days roughly 40 per cent of students got through each exam, only 25 per cent succeeded in last December's part 2 exam and 32 per cent the previous July.

The ICAEW education men have been under heavy pressure as a result of such poor pass rates. But so far they show no sign of changing course. If anything they blame the outcome on those partners in the pro*fession who sought to avoid the* introduction of the compulsory foundation course by rushing in before it took effect, an unprecedented number of students—3,081 in 1972 against a more typical year's intake of perhaps 1,700. In other words, it is a large proportion of this 1972 hump of students which is behind the dismal pass rates.

The figures bear this out. In *the Institute's December exam* there were no less than 774 students attempting part 2 on at least a fourth attempt. Only 50—some 7 per cent—passed. It is now a fair bet that almost *all of the rest will not become* chartered accountants. But they will only be prevented from wasting their time after 1981 when the Institute introduces rules to limit the number of attempts at the exam.

Behind the English ICA's new policy is an implicit acceptance of a graduate-only profession, though for political reasons it seems unlikely for it to make this a rule. In the last 5 years the proportion of graduates entering training contracts has increased from 20 per cent to around two-thirds—and the graduates are getting through the exams reasonably fast. Mr. Michael Lickiss, chairman of the ICA education and training committee, estimates that 81 per cent of all graduates who entered training contracts in 1972 had become chartered accountants by the end of 1977, and that by 1980 between 85 and 90 per cent of the same batch will have got through.

In the part 2 exam last July 56 per cent of first-time graduates passed, though in the *later December* exam the pass rate for first-time graduates had dropped again to 33 per cent. Going back a stage to those students which have trained fully under the new policy, the results are also encouraging. In the November part 1 exam, 53 per cent of the students passed, and 14 per cent passed in some papers. But much depends on what is meant by a student.

While the English ICAEW has by far the largest membership of the six main accounting bodies, it is only in third place when it comes to students. A long way out in front comes the Association of Certified Accountants with a student population of 61,500. This is more than three students per certified accountant. In second place, with 38,000 students is the Institute of Cost and Management Accountants.

Both the Association and the ICMA derive a substantial proportion of their income from students. This is borne out in their accounts. Whereas members' fees and subscriptions are the main sources of income for the Institutes of Chartered Accountants, student and examination fees (amounting to £1.8m. in 1977) contribute two-*thirds* of the certified accountants' total income, as it did for ICMA.

## Surplus

Since the Association has ended the past two years with a surplus more than double that of its members' subscriptions and fees (totalling £427,000 in 1977), it is difficult to see the justification of its argument that it is not making a very substantial profit (despite recent fee reduction) out of its students, a large proportion of whom may never pass all the exams. Another perspective on the matter could be gained from considering that the Association's surplus of income over expenditure for the past two years, amounting to £1.6m, is *slightly more than the cost of* its new headquarters at Lincoln's Inn Fields, which was purchased in July, 1977.

An interesting feature of both the Association of Certified *Accountants and the Institute of* Cost and Management Accountants student is the degree of representation from overseas. In the case of the Association, well over 50 per cent live outside the UK—mainly in the former British territories. It held examinations last year in some 225 centres around the world, perhaps justifying the claim that "membership of the Association is the premier international accountancy qualification." Of ICMA's 38,000 students, almost 15,000 are from overseas.

Because of the insistence on *serving a training* contract with practising accountants, students of the Institutes of Chartered Accountants are almost all of British Isles origin, as are those of the Chartered Institute of *Public Finance and Accountancy* where there is also a principal/student relationship. The graduate intake of CIPFA is, at about 65 per cent, roughly the same as the English Insti*tute of Chartered Accountants.* In contrast some 33 per cent of ICMA's latest student intake are UK graduates, against only 8 per cent for the Association's new entrants.

Apart from the senior professional qualifications, there are now two organisations providing junior qualifications for accounting technicians. The older of these, run by the Association of Certified Accountants, is the Institute of Accounting Staff, set up in 1973. Over 1,100 now hold the Institute's diploma and there are more than 2,500 candidates *studying on the one-year* course.

In opposition to the certified scheme another qualification was launched last month jointly by the English Institute of Chartered Accountants, the ICMA and CIPFA. Called the Association of Technicians in Finance and Accounting, its entry requirements are alleged to be tougher than those of the Institute of Accounting Staff.

An important difference between the two is that the Certifieds run their own exams whereas the joint scheme bases its education requirement on the attainment of the Business Educational Council's National Level Award obtained by taking accredited courses and examinations in further education colleges. Entry requirements are a minimum of 4 GCE "O" levels at grade C or *above*, and applicants will be required to undertake studies on the three-year part-time course while gaining approved practical experience with their *employers.*

**M.L.**

*Mr. Michael Lickiss of Thornton Baker, chairman of the ICA education and training committee.*

MEMBERSHIP CHARACTERISTICS OF BRITISH ACCOUNTING BODIES

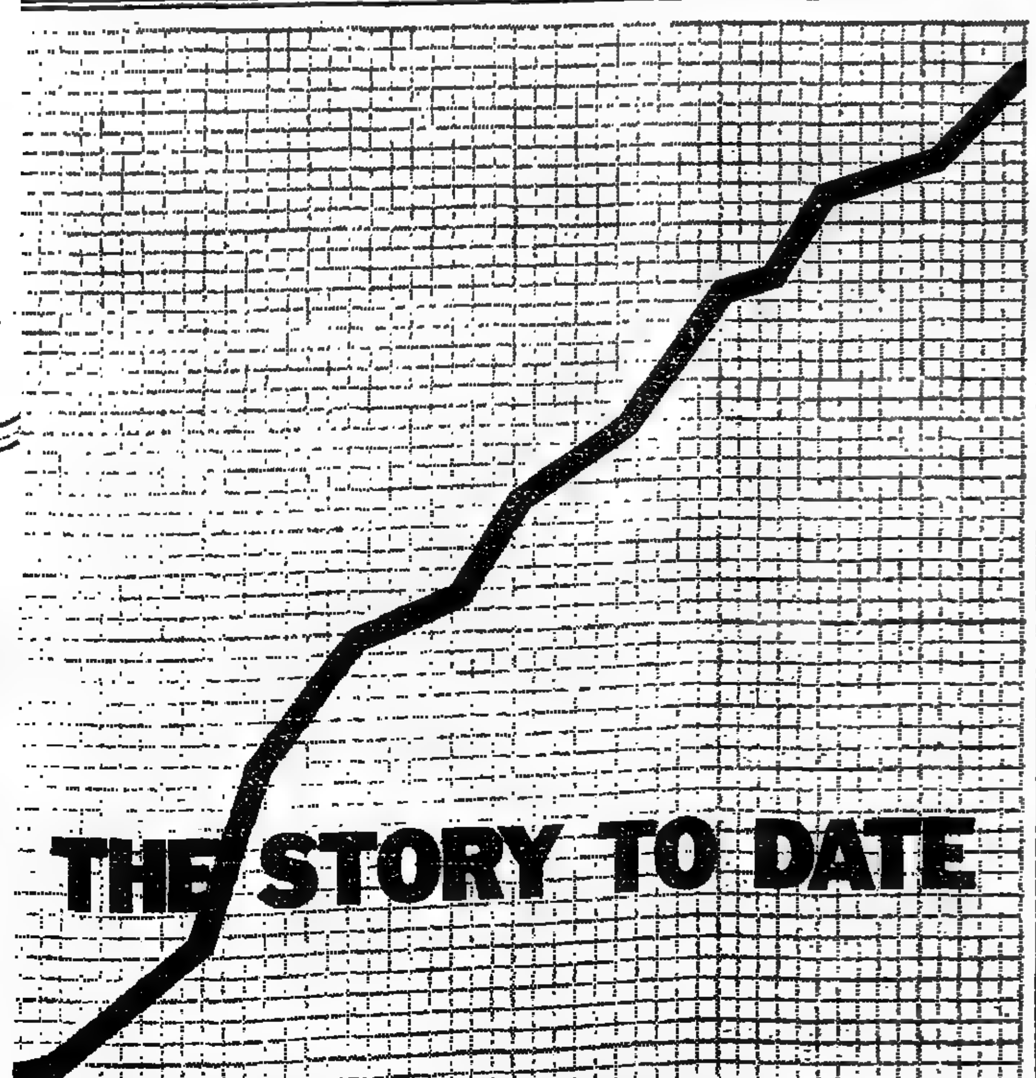
| | ICAEW | ICAS | ACA | ICMA | CIPFA |
|---|---|---|---|---|---|
| **STUDENTS AND TRAINING** | | | | | |
| Majority are graduates | yes | yes | — | — | yes |
| Training wholly or mainly in UK obligatory | yes | yes | — | — | — |
| Training in public practice obligatory | yes | yes | — | — | — |
| Normal age of qualifying over 25 | — | — | yes | yes | yes |
| **MEMBERS** | | | | | |
| Average age over 40 | — | yes | yes | yes | — |
| 15% or more overseas | — | yes | yes | yes | — |
| 65% or more non-practice based | — | — | yes | yes | yes |
| 35% or more practice based | yes | yes | — | — | — |
| 95% or more in private sector | yes | yes | — | — | — |
| 50% or more in industry/commerce | — | yes | — | yes | — |
| 50% or more in organisations with fewer than 250 employees | yes | yes | yes | — | — |
| **CENTRAL ORGANISATION:** | | | | | |
| Main source of revenue— | | | | | |
| Members subscriptions | yes | yes | — | — | — |
| Student and examination fees | — | — | yes | yes | — |
| Sales of services | — | — | — | — | yes |
| Reports ethical enforcements | yes | yes | yes | — | — |
| Active teaching as well as examining body | — | yes | — | — | — |
| Formal CPE policy for members | yes | yes | — | — | — |

*Source: Michael Renshall's essay in "Current Issues in Accounting," by Bryan Carsberg and Tony Hope (Philip Alan, 1977)*









# Auditors to get fresh yardsticks

A FEW weeks ago the accountancy bodies launched a programme of draft auditing standards and guidelines on what was almost certainly an unsuspecting audience. The proposals were issued in the form of a 40-page booklet at a Press conference most of those attending would prefer to forget for there were few questions. Admittedly, the whole subject of auditing is not one that arouses much controversy outside the profession, but there was something very odd about the proceedings nevertheless.

Here was the British accountancy profession, by its own reckoning one of the most respected in the world, proposing to lay down rules about the way its members went about work they have been doing for no small reward for around 100 years. So did this initiative mean that they had been doing it all wrong? Or that standards of practice varied so much that just about no-one knew what an audit really was, or where accounting stopped and auditing began? And why was it happening this May anyhow.

The only answer to these questions is that the accountancy bodies were responding to pressure and criticism, mainly from outside the profession. They were certainly not admitting that anything was wrong with the state of British auditing, in public at least. As the official statement said: "The auditing standards codify good current practice. For many firms, they will not cause a significant change, but will provide a yardstick against which performance can be measured."

The move was probably inevitable, given that it had long since been forced on the profession in the U.S. and had recently been copied in Australia. After all, every important accounting country likes to fell it is keeping up with the leaders.

But it took the 1974-75 property / secondary banking collapse to focus public, or at least Press, attention on British auditors. Suddenly Department of Trade inspectors—one of them usually a leading chartered accountant — were criticising some of the most respected accounting firms in the country.

It began with London and County, Mr. Gerald Caplan's failed fringe bank, where Harmood Banner (now part of Deloitte, Haskins and Sells) had been auditors. By all accounts it is still going on with several inspectors' reports yet in the pipeline. The last two such reports to be published—on Mr. John Stonehouse's London Capital Group, where Sir Charles Hardie's firm, Dixon Wilson were auditors, and on Court Line, where Robson Rhodes were auditors—had little comfort for the profession.

But it was an obviously half-hearted and low-key effort which the accounting bodies embarked on when they decided to establish a Joint Auditing Practices Committee in 1976.

## Tussle

Hardly had the APC started work—deciding that it would issue standards on the auditor's personal conduct, how he should operate on audit, and, finally, how he should then report his findings—than the first of these areas (personal standards) was lost in a brief tussle to the profession's ethical committees. Then initial plans to issue a few initial standards were turned down by professional committees throughout the country on the grounds that they wanted to see the shape of the whole package before committing themselves.

One of the greatest hurdles for the APC has been the question of smaller companies. Under existing company law all companies, from the small incorporated High Street retailer to multinationals such as ICI, have to have their annual accounts audited, and the audit report must say whether they give a true and fair view.

Yet it is obvious that there is an enormous difference between the accounting and systems controls of large quoted companies and the vast majority of proprietor-controlled businesses. Purist auditors argue that it is impossible, within reasonable cost limits at least, to do a proper audit of most small businesses because of the absence of internal controls. Particular difficulty, they say, is attached to the increasing number of cash businesses where even small auditors admit that proprietors may well "be creaming off" some of the takings.

So the argument now goes: Why not let small companies opt out of the audit requirement, providing instead the option of a "review," in which a public accountant could report whether he thought the accounts were "plausible" in all the circumstances. One of the leading proponents of the review concept—which already exists in the U.S., Canada and Australia—is Mr. Jim Gemmell, a partner in chartered accountants Fryer Whitehill and Co.

Speaking at the English chartered accountants' annual conference earlier this month he warned with some effect that the Inland Revenue's new in-depth reviews of small business accounts will lead to the same shocks for thousands of smaller accounting firms as the Department of Trade reports have had at the quoted company end. The fear is that the new Revenue procedures may be turning up quite a lot of understated profit statements which have already had clean audit reports.

The beauty of the review, it is said, is that it gets the auditor off the hook in several areas. First, as an auditor he ought to be completely independent of his client—not even preparing the accounts he then reports on. Then there is the problem of compliance with the new audit standards, and the unrealistic costs this would impose on small businesses.

But the review concept is regarded with deep suspicion by some practising accountants, and has been strongly opposed by, for example, Mr. John Kirkpatrick, last year's president of the Institute of Chartered Accountants in Scotland. Behind this opposition is the belief that the very least the privilege of limited liability should demand is an audit. There is also said to be the possibility of confusion in the minds of the public as to the difference between an audit and a review (though this may not be worth considering if it is accepted that very few people, even in the business community, know the difference between accounting and auditing) and, more to the point perhaps, a possible loss of work for many small accounting firms.

However, it appears that most accountants accept that the limited liability form of business entity is not really appropriate to a large portion (no one knows quite how large) of the 600,000 incorporated companies which exist in the UK. One alternative suggestion is that smaller businesses should be encouraged to opt for the unlimited company type of incorporation. But since this has the same costs of incorporation and, more important the same audit requirements as limited companies, there is little incentive to make the change.

Nevertheless, it seems worth recording that there was general support among the chartered accountants who listened to Mr. Gemmell at their annual conference for the review concept. The next stage will be to get agreement from the councils of the three auditing bodies—the English and Scottish Institutes of Chartered Accountants and the Association of Certified Accountants. Then there could be a submission to the Department of Trade.

But judging from past efforts it will probably be years before Britain has another Companies Act. Meanwhile the Auditing Practising Committee has to operate in the belief that the same audit standards may be applied to all businesses regardless of size. The only concession to reality is a proposal in the draft auditing standards for standardised qualified audit reports where, for example, the auditor has been unable to substantiate cash transactions, or where the business lacks internal control.

## Impact

The impact on the profession of a change in the law allowing small companies to opt out of the audit probably includes the following. It might not be easy to insist that review work should be limited to the members of the accounting bodies recognised under existing company law. On the other hand, there would be no independence or ethical problems for the reviewing accountant. He could act as finance director, trustee, financial advisor or company secretary without inhibition and it may be strongly argued that in doing so he would be serving the real needs of the business community.

At the other end of business life, what changes may be expected from the new audit standards? On the face of it very little, seems to be the answer. But to the cynic at least the profession will find it more difficult in future to let off those auditors who come under criticism on the grounds that it is difficult to determine what were acceptable auditing standards at the time they did the work.

The standards and guideli[nes] also provide a basis to b[...] on. Issues such as the audit[...] involvement with interim[...] preliminary statements, his [re]sponsibility for the detectio[n of] errors and fraud, the prob[lem] of questionable payments [in] overseas countries, and m[ore] mundane matters like how [far] he may rely on the work [of] other auditors should give [the] Auditing Practices Commi[ttee] enough work for several ye[ars] to come.

* "The Proprietory Comp[any] —What Next" is the title [of a] leaflet which may be obtai[ned] from Mr. J. H. F. Gemmell, t[ech]nical director of Fryer White[hill] Associates, Buchanan Ho[use] 24-30, Holborn, London EC[1N] 2PX.

M[.L.]

# EEC

CONTINUED FROM PAGE VI

**Depreciation.** The directive says that "fixed assets with a limited useful economic life shall be reduced by value adjustments calculated to write off the value of such assets systematically over their useful lives." This provision would appear to have important implications for property investment companies which have been fighting against having to depreciate buildings. It should also be relevant to those breweries which take the view that pubs never depreciate.

**Inflation Accounting.** Despite the efforts of the German delegation the directive does permit individual member states to introduce inflation accounting requirements. Where this is done companies will be required to show in their notes what the result and values would be on the historic cost system.

**Goodwill.** Member States are permitted to authorise companies to write off goodwill over a limited period exceeding five years provided that this does not exceed the "useful economic life of the asset."

**Disaggregation** Companies will be required to analyse net turnover "into categories of activity and into geographical markets insofar as . . . these . . . differ substantially." Could this provide scope for the Department of Trade to tighten up on what has become a much-flouted section of the Companies Acts?

**Tax Accounting** Another provision requires disclosure in the notes of "the extent to which the calculation of the profit or loss for the accounting period has been affected" by valuation rules different from those specified in the directive "with a view to obtaining tax relief." This measure was primarily intended for those European countries such as Germany where companies are required to follow tax rules in their accounts in order to qualify for tax relief. But could it have any relevance to the British property companies?

**Annual Report Contents** The directive stipulates that the annual report shall at least include a fair review of the development of the company's business and of its position. Specifically it is required to give an indication of: any important events since the end of the accounting period; the company's likely future development; activities in the field of research and development.

**Smaller Companies** The fourth directive provides the UK Government with an opportunity to lighten the burden of small and medium-sized companies if this is desired. Small companies need not have an audit or publish a profit and loss account. Even the balance sheet can be considerably abbreviated. Medium-sized companies need not publish turnover figures and may have slightly abbreviated balance sheets.

Small companies are defined as those falling within two of the following qualifications: balance sheet totals up to 1m units of account (£670,000), turnover up ot 2m units of account, or up to 50 employees. Medium companies slot in above this, up to the limit of satisfying any two of the following qualifications: balance sheet totals up to 5m units of account; turnover up to 8m units of account, or 250 employees.

Finally, on the fourth directive, the UK has a period of two years to introduce the necessary legislation, and it must take effect within a further period of 18 months.

## Conditions

The draft eight directive lays down minimum qualifications for those auditing the companies covered by the fourth directive. The educational and professional training conditions require the attainment of university entrance level, followed by a course of advanced training and an examination of professional competence at graduate or equivalent level of training. The list of subjects to be included in the professional examination is extensive and according to Price Waterhouse, will probably require changes in the syllabus in practically all member States. Most significant for Britain probably are the independence rules l[aid] down for an auditor:

- He will be prohibited fr[om] auditing a company where [his] independence does not app[ear] to be sufficiently guaranteed [in] relation to the members of [the] body which represents, admi[ni]sters, directs or supervises [the] company or its majority sha[re]holders or members.
- The auditor may neit[her] directly nor indirectly rece[ive] other benefits from the co[m]pany, or any of the pers[ons] specified above.
- The auditor may not au[dit] the accounts of a company [or] group if more than 10 per ce[nt] of his turnover is derived fr[om] that client unless it can [be] shown that this does not li[mit] his independence.

Member States are oblig[ed] to publish a list of all authoris[ed] auditors, showing in the case [of] accounting firms the names [of] the partners.

*Copies of all EEC publica[tions are meant to be obtain]able from the Stationer[y] Office. The postal address [is] P.O. Box 569, London SE1.*

M.L.

ECONOMIC VIEWPOINT

# The case for an Indexed Pay Norm

OUR MINISTERS are very aware of the high price pay for TUC assent to a policy norm. This was [illegible]n very clearly in exchanges [illegible]uestion Time last Thursday. [illegible] the following quotations [illegible] Hansard.

[illegible] Budgen: Does the Chief [illegible]etary agree with the [illegible]ence given by the Treasury [illegible]ess to the Wilson Com[illegible]ee, to the effect that [illegible]dend control has tended to [illegible]ort the equity market and [illegible] to increase the cost of new [illegible]tal, which provides new [illegible]lth and new jobs?

[illegible] Barnett: The hon [illegible]tleman is quite right. Of [illegible]rse there is something in [illegible]t, but it must be considered [illegible]he wider context of counter[illegible]ation policy.

[illegible] Fernyhough: Will my [illegible]t hon. Friend bear in mind [illegible]t if capitalism and capital are [illegible]wed uncontrolled rewards [illegible]re is little possibility of [illegible]our, through the trade [illegible]ons, agreeing to wages being [illegible]trolled?

[illegible]Mr. Fernyhough is of course [illegible]rect.)

[illegible]ere is another slightly more [illegible]ivocal quotation involving [illegible] Chancellor himself:

[illegible] Lawson: Is the Chancellor [illegible]are that as a result of his [illegible]ation and incomes policies, [illegible] a time of record post-war [illegible]employment one manufac[illegible]er in five is now reporting a [illegible]rtage of skilled labour? [illegible]at sort of industrial policy [illegible]d strategy is that?

[illegible] Healey: I know that there [illegible] shortages of skilled labour, [illegible]t that is no consequence of [illegible] incomes policy. It may well [illegible] the case that under free col[illegible]tive bargaining differentials [illegible]tween production workers and [illegible]illed workers, particularly in the engineering area, were compressed. but that has not happened in the past year.

The unravelling of the contortions of Mr. Healey's answer would take excessive space. But he obviously grasps the main point. All along Labour Ministers have shown a recognition not shown by the CBI and so-called Tory "moderates" (i.e., Heathites) that you cannot have the supposed benefits of TUC acquiescence in a pay norm without paying a considerable price—in areas ranging from 83 per cent marginal tax rates and salaries for nationalised industry heads to overseas investment or housing policy.

## Much quoted

Let us now switch to a much quoted section from the Conservative *Right Approach to the Economy*:

"*Yet in framing its monetary* and other policies the government must come to *some* conclusions about the likely scope for pay increases *if* excess public expenditure or large-scale unemployment is to be avoided; and this estimate cannot be concealed from the representatives of employers and unions whom it is consulting."

*Obvious common sense?* Certainly Ministers have quoted from it. But it just happens to be incorrect. Most governments in most countries throughout recorded history have managed to avoid such "conclusions," and because they did not have them were not faced with the problem of whether to conceal them (or merely distort them slightly) from union and employers' bodies.

If the Government ever came out with a clear-cut statement of its monetary, fiscal and exchange rate strategy, independent bodies and the economic advisers of unions and employers would be quite capable of estimating for themselves *the resulting "scope for* pay increases." Moreover the conclusions would be taken more seriously if those concerned came to them on their own account and did not have them foisted upon them by the *Treasury, NEDO or other semi-*official bodies.

Apart from all the other objections, a pay norm invariably becomes in British conditions the going minimum rate for all settlements. On top of this are added further percentage points for open and disguised breaches, and still more points for upward drift at *the workplace, for regrading,* and for people moving to higher paid jobs. The 10 per cent norm of Phase Three has already become *12½ to 15 per* cent, depending on the earnings index used.

The reduction of inflation to 8 per cent is due mainly to the 1977-78 appreciation of sterling and the fall in real commodity prices (a pure monetarist would not admit the latter). The Phase Three pay norm of "10 per cent" has actually worsened the *further outlook for inflation* compared with what it would have been if the authorities had relied last year only on monetary and fiscal policy and a free float for sterling.

Not merely do we have the Phase Three slippage, but in the next round we will also have the cost of the deferred pay increases promised to the firemen, policemen, doctors, armed Forces and other groups to buy off troubles last time round.

Yet if for reasons of the political power game, or the self-esteem of the Establishment, we are condemned to yet another pay norm, there is a way of going about it far better *than the options now being* discussed between the Government and TUC.

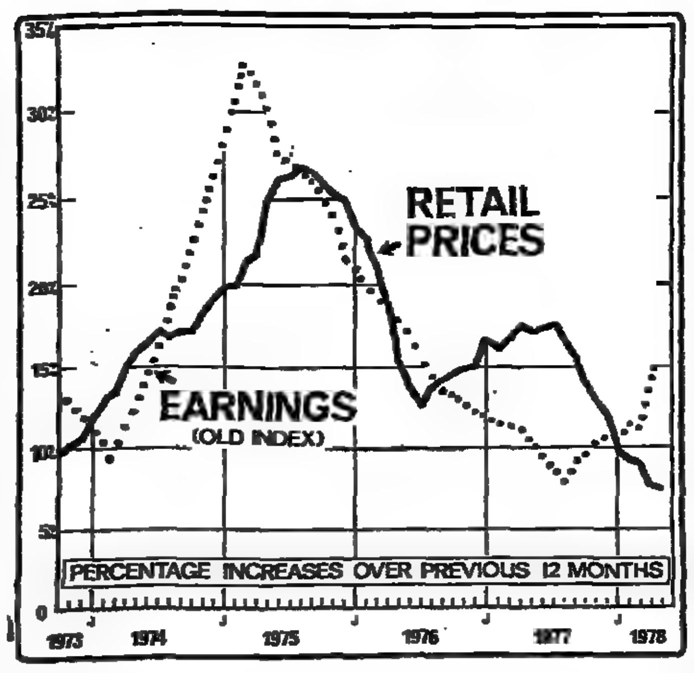
The alternative approach is to have a pay norm tied to the rate of inflation. This can be called a cost-of-living clause, *indexation, or what you will.* The ideal time for this would have been last year when people were excessively pessimistic about the inflation outlook, and when a cost of living guarantee would have cost very little and enabled a very substantial decline in money settlements to be negotiated.

Indeed I recommended cost-*of-living based settlements* on this page on July 28, 1977 (Pay Policy, A Letter to Employers), where the suggestion was made that employers *might* experiment themselves without an official norm. But of course, the official determination to pursue the 10 per cent pay norm by fair means or foul cut the ground away from any such decentralised initiative.

Writing a year ago, I suggested two possible wage indexation schemes. The first was to have "a very low conventional money award," but on top of this to increase wages point for point with every increase in the retail price index. The second scheme, devised by Mr. Richard Layard of the LSE, was a conventional increase with a threshold provision. Wage earners would be compensated for cost-of-living *increases once the retail price* index passed 8 per cent above its level on the settlement date.

If this suggestion had been adopted no threshold compensation would have had to be paid at all; and *any* reduction, however small, in nominal wage settlements as a result would have been pure gain—that is from the point of view of inflation and employment prospects. But with characteristically British flair, the authorities adopted thresholds in the worst possible year during the Heath pay policy of 1973-74, when oil and commodity prices exploded. They were so appalled by their experience then that they would have no truck with thresholds in 1977, when the circumstances were as favourable as they had previously been unfavourable.

Lost historical opportunities can never be recaptured. But it is still not too late to do something. With inflation far more likely to rise than to fall, a *threshold as such is no longer* particularly attractive. If we move to cost of living compensation as such, the problem is whether to look backwards or forwards. If one looks entirely at past cost-of-living increases, it becomes difficult to have any de-escalation at all and the existing rate of inflation gets built into the system. Moreover union *leaders would be understand*ably afraid of being uncovered if next year's inflation rate should exceed this year's. On the other hand a purely forward looking formula would do nothing to compensate for the erosion of last year's settlements even by 8 per cent inflation.




The compromise I would suggest is based on the fact that a wage settlement has its maximum real value the day when it comes into effect and its minimum real value the day before the next settlement—say 12 months later. The *average real value of the settle*ment occurs about halfway through the year in which it runs.

Therefore, I would suggest dividing the norm in two parts. The first would compensate for *half* the increase in the cost of living since the last settlement. The second part would be a point-for-point compensation for each 1 per cent future increase in the retail price index as soon as it occurs during the period of the new settlement.

Assuming that the year-on-year inflation rate remains at 8 per cent this autumn, the first part would amount to a 4 per cent award. There would then be small but mounting increments in the course of the year in line with the rise in prices. This second part of the settlement would be equivalent in percent*age terms to slightly more than* half the inflation rate over the year in which it is in force.

## Favourable case

If prices rise by 8 per cent in 1978-79 the settlement would amount to 4 per cent initially plus just over 4 per cent, equivalent to 8 per cent in all. *If the inflation rate were 12* per cent the settlement would be worth 4 plus just over 6 per cent or 10 per cent in total. Thus in the favourable case it would not be too different from what the Government is now aiming at, but may not achieve. Moreover success in keeping down the inflation rate would be self-reinforcing.

This mixture of backward and forward looking cost-of-living compensation would be the whole "norm." Anything else would come from local settlements, "special cases," breaches *and normal drift.*

Could such a norm be sold to the unions? If a real effort were put into the job, just as easily as an orthodox 8 per cent norm which would provide no built-in insurance against any increase in the inflation rate in the period ahead.

The real benefit from the indexation formula would come, however, in 1979-80. The main gain from full cost-of-living compensation in 1978-79 is that settlements in the *following* period could be entirely forward looking, as past inflation would already have been covered. This would enable one to think next year in terms of a zero norm plus compensation for future inflation only. Real wage increases would come from payments above the norm where local market or other circum*stances justified it. A monetary* and exchange rate policy attuned to such a norm would enable a drastic reduction in the inflation rate to be made by the winter of 1979-80; and the pound could then look the mark in the face—if that is what it really wanted to do.

But it must be repeated that a norm of any kind is a poor *second best. Far, far better* would it be to rely on a medium term monetary and exchange rate strategy, and to leave it to individual bargainers to experiment, or not, with different types of cost-of-living compensation according to their own particular circumstances.

**Samuel Brittan**

# Letters to the Editor

## Finance Bill side effects

*[illegible]om Messrs. M. Homan, [illegible] Mackey, P. Shewell, R. Turton [illegible]d I. Watt.*

Sir,—Clause 10 of the Finance [illegible]ll, which is approaching the [illegible]port stage, is designed to give [illegible]lief for VAT purposes in [illegible]spect of bad debts. While the [illegible]anting of relief is generally [illegible]elcome the conditions laid [illegible]own by the clause give cause [illegible]r serious concern as to the [illegible]kely side effects.

If the clause is enacted in its [illegible]esent form, it will be a condi[illegible]on of relief that the debtor [illegible]mpany is in liquidation. It [illegible]llows from this that creditors [illegible]ill have a financial incentive to [illegible]ursue their debtors in liquida[illegible]on. We believe that this will [illegible]amage the prospects of rescuing [illegible]ompanies in temporary financial [illegible]fficulty by means of one of a [illegible]umber of forms of moratorium [illegible] preserving their businesses as [illegible]oing concerns in a receivership. [illegible]reditors would be most unlikely [illegible] agree to any form of mora[illegible]rium that cannot offer an early [illegible]ayment in excess of the VAT [illegible]fund. In receivership, the [illegible]fect of a winding up order on [illegible]e receiver's ability to continue [illegible]e trade can be prejudicial and, [illegible]articularly in labour-intensive [illegible]ompanies, will often force the [illegible]eceiver to cease trading. Given [illegible]e financial incentive of a [illegible]efund we do not expect credi[illegible]ors to join the receiver in oppos[illegible]ng a winding-up petition.

For corporate debtors the [illegible]lause will be destructive of [illegible]sset values productive capability [illegible]nd employment. In the case of [illegible]rivate individual debtors the [illegible]ffect is equally regrettable. The [illegible]ebtor will be required to be [illegible]made personally bankrupt before [illegible]elief is granted and the alter[illegible]native of a deed of arrangement [illegible]with creditors will not qualify.

We see no valid reason why the clause cannot be widened to give relief where a receiver is appointed to the debtor company or where the debtor enters into a composition or arrangement with creditors. This wider form should not be difficult to regulate, compared say with the existing need to monitor the inclusion of credit notes in VAT returns. Furthermore the additional cost to the revenue should not be material since under the present proposals, if there are substantial sums of relief at stake, creditors would in any event take the necessary steps for liquidation or bankruptcy to ensure their recovery and it is also necessary to take into account the redundancy and other costs that will result.

The matter has been referred to the Insolvency Law Review Committee under the chairmanship of Mr. Kenneth Cork and this letter has his personal support. It will, however, be a considerable time before the committee's recommendations can become effective.

We earnestly hope that this matter will be put right before the Bill is enacted and that it will not be necessary to await a major company being closed down with extensive redundancies before the position is rectified.

Mark Homan,
Price Waterhouse and Co.;
Bill Mackey,
Whinney Murray and Co.;
Paul Shewell,
Coopers and Lybrand;
Richard Turton,
Spicer and Pegler;
Ian Watt,
Thomson McLintock and Co.,
*c/o Southwark Towers,*
*32, London Bridge Street,*
*SE1 9SY*

## A possible injustice

*From Mr. T. O'Brien*

Sir,—My compliments on the supplement on Northern Ireland (July 4) and the article on workers' co-ops by Robert Oakeshott in the same issue. Mr. Oakeshott speculates that tax concessions may be made to workers' co-ops and that the Chancellor may seek to limit them to co-ops as defined under the Industrial Common Ownership Act.

Despite the fact that Northern Ireland is the area of the UK in greatest economic distress, which your supplement confirms, Ulster was excluded from the ICO Act and its benefits.

If tax reliefs were to be restricted to workers' co-ops as defined by this Act then such companies in the six counties may be excluded from this assistance, thus suffering a double injustice.

Terence O'Brien,
Department of Economics,
The New University of Ulster,
*Coleraine,*
*Co. Londonderry,*
*Northern Ireland.*

## No annual pay rises

*From Mr. D. Duff*

Sir,—I dislike asking questions when writing to the Press because answers are not expected. But everyone must want an answer to this one—is it necessary to have an annual pay increase?

Certainly it has never been the main issue that fills the headlines as it does today. The practice is getting wildly out of hand, at all levels, and surely it is high time someone asked the Prime Minister to give it a thought, even if his reply is "blunt."

He must know, at any rate, that a large number of people in this country do not get any pay or salary (except the State pension) so to have a halt for a time and continuation of the same income for a further 12 months, if not longer, would be no hardship.

Nothing like it would have the effect of keeping prices static, and inflation might well be forgotten, as it ought to be. Actually, if everything—both incomes and prices—were allowed to slide, it would be all to the good.

Sterling would then regain some of its lost integrity.

D. Inglis Duff.
*62, Hepburn Gardens,*
*St. Andrews, Fife.*

## Good credit rating

*From Mrs. K. Clifton*

Sir,—Following the 50th anniversary of the grant of women's suffrage, I feel I cannot let pass without comment the patronising tone of the article on "credit vetting" of July 1. To say "Few married women of child-bearing age could claim such consistency of employment"—two years—is a generalisation which must surely be refuted by the majority of those women who need to work to maintain the family household especially in the light of new benefits available to those who do stay with one employer for a number of years.

I would suggest that the younger employee, with the protection of a *parental roof*, is far more inclined to change jobs on a whim than the married woman who is no less a breadwinner than her husband. As for "child-bearing"—that, it may surprise your writer to know, can be avoided these days with a little *more certainty than in the past.*

Having been with my present employer (and married) for 12 years, I take it I may expect a good credit rating!

(Mrs.) K. Clifton.
*66 Osmond Gardens,*
*Wallington, Surrey.*

## Marketing tractors

*From the Economic Adviser, Burge and Co.*

Sir,—The weakness of tractor and farm machinery production in the U.K. (July 4) is of great interest to those of us who participated in encouraging the dramatic rise in exports by these industries in the 1960s.

At the root of today's problems in the industry, in my opinion, is the misguided and relentless pursuit of tractor design policies which assume that "bigger" means "better." Farmers are showing a financial fatigue as they are called upon to pay more for these machines, even allowing for inflation. Tractors, as the motive power unit in agriculture tend also to determine many other farm machinery designs following the "big is beautiful" assumption.

*I am familiar with the* arguments that more power aids timeliness of cultivations and labour productivity, especially at *peak working periods*, but these points refer to quite short periods in the 12 month farming calendar and, for the rest of the *year, farms* are lumbered with tractors which are much bigger than needed for routine transport and haulage operations.

*The bigger size and increased* noise and exhaust pollution of the current generation of tractors has brought legislation for *completely* enclosed and insulated driving cabs and relayed implement controls. The driver's cab and control now add about 30 per cent to the cost of basic tractors or, say, 20 per cent more than is justified for essential safety frame and simple weather protection needs.

As a direct consequence of these moves, only the larger farms at home and overseas can justify regular purchases of new tractors and machinery nowadays. More of the smaller farms have come to rely upon second-hand purchases, at longer intervals, for their needs. This trend should be posing questions for the policymakers in the industry.

*It is particularly interesting* that the small grey Ferguson tractors, the last of which were produced more than 20 years ago, with clever weight transfer and matched implement merits, are still regularly seen on smaller farms in the UK, Europe, Africa and Australia.

Marketing experts today will probably say that tractor and machinery production for the smaller farms is no longer profitable using current methods of manufacture and distribution. Nevertheless, some new thinking on design and production appears to be called for as it is clear that current production ranges are not so profitable either.

A. G. Horsnail,
Burge and Co.,
*25, Worship Street, EC2.*

## The real losers

*From the Chairman, Central Government Committee, Union of Independent Companies*

Sir,—On June 28 you carried two reports which at first sight appeared to conflict. The Policy Studies Institute reported manufacturing firms employing between 50 and 5,000 as not being *inhibited in recruitment* by the Employment Protection Act. The other, based upon some 1,368 reports, indicated that big British companies plan a sharp increase in the amount of work subcontracted rather than taking on more labour.

The Union of Independent Companies has clear evidence that members will take on no new people unless it cannot be avoided. It is unnecessary to look beyond the 18,000 appeals to tribunals expected during 1978, of which experience forecasts that some 70 per cent will fail, quite apart from the large number of other settlements, to realise the time and energy, not to mention cost involved, which diverts from the running of the business.

*Large firms are often very* overmanned and, therefore, keener to shed labour than take it on, but what is very signifi*cant is that when new projects* arise, they intend to subcontract. Under these circumstances, of course, they are not inhibited *by the Act.*

The real losers are the unemployed, whose best hope lies in Government extending the protection period from six to twelve months, coupled with the requirement for a dismissed person to inform the employer of the case to be answered. Then there would be fewer appeals but a greater percentage success and higher awards.

Charles Simeons.
*21, Ludlow Avenue,*
*Luton, Beds.*

## The price of petrol

*From Mr. W. Goodchild*

Sir,—Although, in your issue of July 3, Mr. J. Stafford tells us of two competing garages opposite each other in Gerrards Cross, he gives no information as to which was first established, nor as to any differences in goods and services provided. Without these facts, it is not, in my view, possible to judge how the problem of wasteful competition between these adjoining outlets might equitably be resolved.

W. P. Goodchild,
*57 Summerdown Road,*
*Eastbourne, East Sussex.*

## Control of dividends

*From Mr. W. Empson*

Sir,—There seems to be a fairly general assumption that if dividends are freed from control at the end of the month there will be strong protests from the unions.

What a pity it is that the handful of more enlightened union leaders who no longer regard profit as a dirty word are not able to impart their now-found wisdom to the rank and file.

Could they not spread the message that a very large proportion of any increased dividends would go to the institutions which include the pension funds who daily have the extremely difficult task of providing and protecting the pensions that many of us (in all walks of life) enjoy today, and for those of the future.

There can be little wonder why union pension funds have had to move into the field of antiques and works of art in order to provide increased income in the years ahead.

William T. Empson.
*Letheringsett,*
*Barton Meadow,*
*Pelynt,*
*Looe, Cornwall.*

# Today's Events

**GENERAL**

Two-day European Council summit opens in Bremen.

European Parliament in session, Luxembourg.

Labour Party issue document on "Local Government Reform in England," which will be presented to its annual conference later this year.

CBI conference at Cafe Royal, W.1, to inform British industrialists on how three major multi-national lending agencies function. Mr. John Tomlinson, Under-Secretary, Overseas Development, will attend, and speakers include those from the Asian Development Bank, World Bank, and European Development Fund.

Prince of Wales visits Royal Agricultural Society Show, Stoneleigh, Warwickshire.

National Union of Mineworkers' conference continues, Torquay.

Scottish Milk Marketing Board annual meeting, Excelsior Hotel, Glasgow Airport.

**PARLIAMENTARY BUSINESS**

**House of Commons:** Consideration of Lords amendments to Scotland Bill.

**House of Lords:** Wales Bill, report stage.

**Select Committees:** Expenditure (Trade and Industry subcommittee). Subject: Measures to prevent collisions of noxious cargo carriers (10.30 am, Room 16). Race Relations and Immigration. Subject: Effect of EEC membership on race relations and immigration. Witness: UN High Commissioner for Refugees (4 pm, Room 6). Science and Technology (General Purposes sub-committee). Subject: Government observations on third and fourth reports of Select Committee, session 1976-77. Witnesses: Mr. Anthony Wedgwood Benn, Energy Secretary, and Professor Sir Hermann Bondi, chief scientist, Department of Energy (4.30 pm, Room 15).

**COMPANY RESULTS**

**Final dividends:** Braithwaite and Co. Engineers; Daily Mail and General Trust; General Electric; Greene King and Sons; Scottish and Newcastle Breweries; Wellman Engineering Corporation. **Interim dividends:** Birmingham Pallet Group; Braid Group; Gough Cooper; Thermal Syndicate.

**COMPANY MEETINGS**

Altifund, 2, St. Mary Axe, EC, 12. Alpine Holdings, Alpine House, Honey Street Lane, NW, 12. Barr and Wallace Arnold Trust, Leeds, 12. Bremner, Glasgow, 10.30. British American Film, 113, Park Lane, W, 11. Doranakande Rubber, 1-4, Great Tower Street, EC, 12. Fidelity Radio, Churchill Hotel, W, 12. Fine Art Developments, Burton upon Trent, 4. Gordon Luis, Caxton Hall, SW, 12. Guardian Investment Trust, 11, Walbrook, EC, 12. Pyramid, London Hilton, W, 10. UBM, Bristol, 12.

# COMPANY NEWS+COMMENT

## Sainsbury on budget for profit rise

SALES OF J. Sainsbury were ahead of budget in the current year, the group was achieving a considerable growth in volume and it was well on budget for a satisfactory growth in net profit, Mr. John Sainsbury, the chairman, said at yesterday's AGM.

The group's market share had improved from the year end 7.8 per cent to 8.5 per cent, based on Department of Industry statistics, he said.

The launch of Discount '78 had been more successful than directors had hoped for and he pointed out that it was a major long-term development gearing the company to trade at higher volume on lower gross margins, to make the company more competitive without losing a satisfactory level of profit.

As already reported Sainsbury plans to open eight supermarkets and a second hypermarket in the year, and Mr. Sainsbury said that in 1979-80 a further 14 supermarkets would be opened, increasing its sales space by 220,000 sq. ft.

Last year produced the most competitive trading conditions the group had known and this was not expected to ease in the current year.

Mr. John Sainsbury, chairman of J. Sainsbury—a further 14 supermarket openings planned for 1979-80.

## HIGHLIGHTS

**Swan Hunter has become the first major company to agree compensation terms for the nationalisation of its shipbuilding activities. The National Association of Pension Funds has come out strongly against the proposed deal between Barclays Bank and the Investment Trust Corporation. Lex also explains how clause 10 of the present Finance Bill is likely to push companies in trouble into liquidation much faster than at present. Also covered in the column is the implication of the report of the Royal Commission on Gambling with particular emphasis on the casino operators. Elsewhere, Brickhouse Dudley has once again been bolstered by a strong trend in exports with the UK activities being held back by the cutback in local authority spending, and the pattern is being maintained in the current year. John Waddington has turned in a subsantial second-half slowdown against a mid-term forecast of some improvement, due to destocking by the retailers and poor trading on the packaging side. However, a better-than-expected second half has been achieved by Braham Millar, but the important Middle East markets appear to be running out of steam.**

## Frederick Parker up at midway

FOR THE half-year to March 31, 1978, taxable profit of Frederick Parker advanced 8.4 per cent from £2.9m to £3.14m on turnover well ahead from £14.61m to £20.24m.

Directors say results benefited from the shipping of the bulk of the equipment for its contract with the Philippines Department of Public Highways.

They say business contiunes to be hard won and that as the effects of the world recession are expected to continue to be felt, full-year profits are unlikely to exceed the £5.21m of last year.

They say the Hireplant subsidiaries are showing results a little ahead of the same period last year. Two new depots are planned for the future.

After tax of £1.55m (£0.86m) net profit came out at £1.59m (£2.04m).

The interim dividend is unchanged at 2.475p net per 10p share, and will cost £357,554 before waivers of £23,645 (£25,452). The final dividend will be considered when the full year's results are known. Last year a 5.7p final was paid.

The company's shares are traded on the over-the-counter market.

## Good start for Crosby Spring

A GOOD start to the current year has been made by Crosby Spring Interiors, says Mr. I. H. Campbell, chairman, in his annual statement, and provided no serious downturn in trade occurs and major strikes in the motor industry are avoided, the year should be more profitable than 1977-78.

As already known pre-tax profits for the March 31, 1978, year rose from £589,482 to £712,090 and the dividend is increased from 0.5852p to 0.6536p. Also proposed is a scrip issue of one £1 preference share for every 20 ordinary shares.

The accounts also show a directors' compensation for loss of office of £11,000. Liquid funds as at March 31 decreased by £71,871 (£204,448).

Crosby Springs, the group's largest subsidiary, involved in car seating and furniture springing, had a disappointing year, and its contribution remained at the modest level of 1976-77. Production built up in the second half, after unrest in the motor industry had affected the opening period, and has been sustained in the current year. The chairman says that provided these conditions continue, the problems of 1978-79 are likely to be those related to working to the limit of capacity.

The balance sheet shows that funds employed have risen from £2,468,989 to £3,258,473. This increase includes the difference between the replacement value of assets destroyed at Doric Unit Company (Springs) and their book values of £199,912. It is also swollen by tax relief arising from capital allowances on the considerable purchases of plant, and by stock relief.

During the year capital expenditure of £850,771 was undertaken but of this £225,172 represents the fire replacement at Doric Unit Company (Springs), leaving £625,599 of planned expenditure. Some £197,753 of this was covered by depreciation provisions made in arriving at profits and £70,138 by regional development grants. The group's policy is to keep plant and equipment modern and well maintained.

Auditors say that the margin arising on the sale of plant between two subsidiaries has been included in the accounts and that the effect of this is that a group profit of some £80,000, arising from inter-company trading, and therefore unrealised, is included in both the group profit before tax and the book value of the group's plant and machinery.

Meeting, St. Helens, Lancs, July 28 at 11.30 am.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Braham Millar | 0.99 | — | 0.90* | 1.59 | 1.45* |
| Brickhouse Dud | 1.56 | — | 1.39 | 2.33 | 2.11 |
| English Card | 1.85 | Aug. 31 | 1.62 | 2.98 | 2.62 |
| Frank G. Gates | 1.55 | Aug. 22 | 1.41 | 1.55 | 1.41 |
| Habit Eng. | 0.55 | Aug. 14 | 0.49 | — | 1.5 |
| Frederick Parker ...int. | 2.48 | Aug. 3 | 2.48 | — | 8.18 |
| Routledge, Kegan | 2.8 | Oct. 4 | 2.67 | 4.05 | 3.67 |
| Scott. and Continental int. | 1.2 | Aug. 4 | — | 1.2 | 1.2 |
| Scottish East. Inv. ...int. | 2p§ | Aug. 4 | 1.25 | —¶ | 4.05 |
| Technology Inv. | 2.6 | Aug. 31 | 2.25 | 2.6 | 2.25 |
| John Waddington | 6.31*‡ | Aug. 12 | 4.45 | 11.31* | 6.45 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Assuming 33 per cent tax rate. § To reduce disparity. ¶ Not less than 2.5p final forecast (2.8p).

## Profits ahead 12% at Braham Millar

FROM TURNOVER up from £8.44m to £9.02m, profits before tax of the Braham Millar Group, Enfield-based mechanical engineer, rose from £971,836 to £1.09m in the year ended March 31, 1978.

First half profits were up £90,137 to £510,999 on increased turnover but the directors said at that stage that although turnover in the second half was expected to be higher, profits could not be forecast to exceed those for the first six months.

Earnings per 10p share at the year-end are shown at 7.9p (7.4p) and net assets per share, 58p (50p).

A final dividend of 0.9972p effectively raises the total from 1.4298p to 1.5972p and if the tax rate is reduced the Board will propose an increase in the final to 1.0123p. A one-for-ten scrip issue is also proposed.

Profit is struck after depreciation of £121,364 (£67,193) and before tax, £188,178 (£123,539).

The outlook so far is favourable, say the directors, with demand satisfactory and the volume of home sales approaching that of exports. The year ahead will not be without its problems, but progress is expected.

### ● comment

Taxable profits at Braham Millar rose 3 per cent in a better-than-expected second six months, thereby maintaining the group's traditional second-half bias. The apparent improvement in full-year gross margins, however, reflects the inclusion of earnings from a £2m Middle East contract but the turnover was shown in the previous results. Growth in recent years has been almost wholly confined to exports but this time sales volume increased in the UK—despite the generally depressed state of the construction sector. Overseas the lucrative Middle East markets became more competitive around August while some analysts feel the boom there may be over. Customers in the Middle East are apparently well stocked up with equipment but the company feels it can retain its share of business there in the current year. Group forward orders are little changed at £2½m but contracts are currently being discussed with the Egyptian Government. This would make up for the more unstable overseas customers, like South Yemen, and help cushion the group against what may be a tougher year at home. At 38p the shares stand on a p/e of 4.7 and yield 6.3 per cent.

## Internationa Distillers ahead so far

After interest of ... compared with £4.33m pre-taxable profit of International Distillers and Vintners, the Metropolitan subsidiary, ... from £7.65m to £7.94m ... March 31, 1978 half-year.

The result includes a... contributions of ... (£240,000) and is before ... £4.19m (£4.32m) and m... interests of £286,000 (£6... credit). Turnover for the ... rose from £177.54m to £194...

## Winterbottom Trust ahead to £218,627

For the May 31, 1978 ha... taxable revenue of Winter... Trust rose from £185,3... £218,627 after managemen... penses of £29,432 compare... £26,146 and interest of ... against £85,892.

Tax takes £87,850 (£73,32... available profit is £... (£101,343). Earnings pe... share are shown at 2.51p ... and the interim dividend ... from 1.8p to 2p net. Last ... 3p final was paid on a ... £0.42m pre-tax profit.

Net asset value per share ... prior charges is shown at ... (245.7p).

## Indications of growth at Ash Spinning

Exports by Ash Spi... Company since the end of ... had been satisfactory and in ... figures were well ahead ... practically no help from ... temporary employment su... Mr. J. B. Brierley, the chai... told the annual meeting.

At present the company w... the middle of the holiday p... and regular trading would re... mence in September. A ... forward order book was held ... the offtake was the key to su... he said.

He noted that the comp... deferred tax provision now ... at £434,000 arising from ... relief. If legislation next ... established a six-year limit o... extent to which this relief ... regarded as a potential lia... and the company continues ... present level of stocks, the ... vision would be released yea... year becoming a free reserve ... increasing net assets. ... releases would be about £... in 1980, £12,000 in 1981, £90,000 ... 1982, £119,000 in 1983 and £112,0... in 1984.

## Second-half setback for Waddington

DIFFICULT TRADING conditions for the packaging and printing industries and generally poor Christmas trading for the games companies depressed taxable earnings at John Waddington in the second half from £1.25m down to £409,000. Total profit for the year to April 2, 1978, was £2.78m, compared with £3.27m for the previous 53 weeks.

This contrasted with the directors' forecast at halftime, when profit was higher at £2.37m (£2.03m), that there would be improvement in the second six months despite a lean period in the early part of 1978.

Mr. Victor Watson, the chairman, now expects much better results for the current year.

The surplus for the year was after extra cost of pension contributions amounting to £232,000 and depreciation £103,000. Sales rose £5.57m to £41.38m.

Tax took £1.38m (£1.75m) leaving earnings per 25p share lower at 19.62p (27.69p) on capital increased by rights issue and the net total dividend is stepped up to 11.31p (6.43425p) with a final of 6.31p assuming the rate of ACT is reduced to 33 per cent.

There was an extraordinary debit this time of £211,000 arising from the writing off of goodwill and other intangibles amounting to £903,000 less a reduction of £687,000 in deferred tax provision.

### ● comment

John Waddington clearly overestimated the level of second half trading when the directors forecast that full-year results would show an improvement. In the event, profits are 22 per cent lower, with the second half showing an 85 per cent shortfall, mainly because of a prolonged period of customers' destocking which affected activities in both divisions. Greatly reduced demand for cartons and labels clipped almost a quarter off packaging profits to £1.2m for the full year while games and puzzles (Monopoly, table football etc) turned round from a profit of £380,000 to a loss of £119,000, a result no doubt influenced by the popularity of skateboards and electronic TV games over the Christmas period. Elsewhere, printing activities (continuous stationery, playing cards) held up well showing profits growth of nearly a fifth while greeting cards were a tenth higher. For the current year the prospects appear to be slightly better with packaging companies starting to feel the benefits of the mini spending boom. However, Waddington will have to wait a while to see if provisional orders for games—said to be at a "satisfactory" level—will be taken up by the retailers. At 200p the shares are on a p/e of almost 10 (average capital) while the yield is 8.8 per cent, so the market is anticipating a fair slice of recovery.

## English Card slips to £2.76m

ALTHOUGH TURNOVER rose from £17.6m to £19.09m pre-tax profit of English Card Clothing Company declined from £2.86m to £2.76m in the April 1, 1978, year.

At half time profit was down from £1.03m to £1.01m and directors forecast second-half profits higher than in the opening period.

After UK tax of £0.37m (£0.26m), overseas tax of £1.21m (£1.22m) and minorities, attributable profit was £1.07m compared with £1.27m previously. Last year's results have been adjusted for ED 19.

Earnings per 25p share are shown at 18.5p (22p) and the final dividend of 1.85p lifts the total from 2.62p to 2.98p net.

There were extraordinary credits of £76,000 compared with a £342,000 credit last time.

## Confidence at Arbuthnot Latham

Confidence in the further development of Arbuthnot Latham Holdings is expressed by Mr. A. R. C. Arbuthnot, the chairman, in his annual report.

Group profits have increased by nearly 60 per cent. over the last two years, the chairman says. There was an increase in issued capital two years ago but earnings per share for 1977-78 show a 17 per cent. increase over the previous year.

For the year ended March 31, 1978, profits after tax rose from £1.05m to £1.4m. The dividend is 10.08p (9.111p).

The merchant bank produced higher profits after tax and transfer to inner reserves and the foreign exchange and sterling money departments had an active year.

Arbuthnot Insurance Services had a record year while the successful marketing and investment performance of the unit trust group contributed to the growth in non-banking earnings, says the chairman.

There was continued and satisfactory development of the factoring business and Arbat Consultants, the computer software subsidiary, produced good results from its business in London.

Work is now being applied to build up Arbat Systems in New York. Both turnover and profit in the export finance company continued to develop, Mr. Arbuthnot adds. Meeting, 37, Queen Street, July 27 at 12.30 pm.

## Evans of Leeds on a firm footing

Mr. H. C. B. Berens, the chairman of Evans of Leeds says in his annual statement that the revaluation of property, the extension of mortgage and bank loans and the renegotiation of a major rent in the last year have created an even stronger balance sheet that allows the company to face the future on a firm and stable footing and to make further suitable investments.

Since the year end additional property has been purchased, giving rise to capital commitments of £2.8m. The properties will not become rent producers in the current year however.

Auditors Tansley Witt and Company have qualified the accounts over the failure of the company to estimate the amount of tax which would be payable in the event of future property sales.

The directors consider that the work involved in estimating this amount would not be justified as the properties of the group are held as long term investments. Properties are valued at £24.57m in the accounts, including a £13.44m surplus which arose on revaluation in the March 31, 1978, year.

Meeting, Leeds, July 28, at noon.

## Goodyear programme

Mr. W. Hansen, the chairman of Goodyear Tyre and Rubber Company (Great Britain), tells shareholders in his annual statement that the directors are confident that steps taken will enable the group to continue its progressive role in the UK tyre market.

For 1978, far reaching sales programmes to maximise the benefits of the current product range, now augmented by the new G191 radial truck tyre, have been established, he says.

Better balanced production operations, manning levels and inventories are being introduced to support these sales programmes together with constant innovation in every aspect of the company's business.

As already known the group incurred a pre-tax loss of £605,000 for 1977 against a profit last time of £611,000 on turnover ahead from £159.27m to £187.57m.

The chairman says that the difficult trading conditions of 1976 continued throughout 1977, when the company's performance was further aggravated by below-schedule manufacturing returns at all three UK plants.

Improved productivity continued through to mid-1977 but he says that all the advantages previously gained were dissipated by the under-recovery of overheads during the latter months of the year.

Additionally the company's operations were disturbed by economic factors and marketing conditions that contributed to an unhealthy trading situation which inhibited growth.

Working capital increased £3m against £8.5m.

## Progress at Moorgate Mercantile

With turnover of £3.28m for the March 31, 1978 year against £4.96m for the previous 18 months, taxable profit of Moorgate Mercantile Holdings jumped from £123,422 to £205,360.

After a £4,665 (£1,161) tax credit and minority interests of £3,385 (£6,662 credit) and an extraordinary credit of £43,987 (£814,605) profit came to £250,827 compared with £978,685 last year, which was after a £30,835 transfer from the capital reserve.

Earnings per 10p share are shown at 1.35p (0.86p) and again no dividend is to be paid. The last dividend was 90.5p net interim in 1972-73.

The group's interests include instalment credit and insurance.

## C. E. Heath makes good start on broking side

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE FIRST three months of brokerage growth at C. E. Heath and Co. were on target and slightly ahead of predictions, Mr. F. Holland, chairman, said at the annual meeting yesterday.

While there was a long way to go to the year end, he was nevertheless optimistic that the group would have another good year.

On the Lloyd's underwriting side, Mr. Holland was quietly confident of a return to profitability next year and other underwriting operations both here and overseas were on or exceeding their budget targets.

If there was a total lifting of dividend controls it would be the intention of the Board to recommend a substantially increased dividend during the next financial year. Previous total was 4.8816p.

Later it was said that the dispute between C. E. Heath and the P. L. Pepper syndicate at Lloyd's over container insurances arranged for CTI, a New York container group, had not yet come to arbitration at Lloyd's. Although both parties agreed to arbitration the terms of reference have yet to be agreed by their respective lawyers.

## Technology Inv. higher

After all charges including tax of £332,333 against £313,743, net revenue of Technology Investment Trust advanced from £453,360 to £521,459 for the year to May 31, 1978.

The net dividend is raised to 2.6p (2.25p) per 25p share.

## Habit Eng. up £39,000 at halftime

With turnover up from £529,000 to £690,000 pre-tax profit of Habit Precision Engineering rose £30,000 to £89,000 in the March 31, 1978, half year. Directors are confident the company will continue to progress.

The profit is after interest of £12,000 (£48,000) and is subject to tax of £49,000 (£28,000). There were extraordinary debits of £17,000 (£4,000).

Earnings per 5p share are shown at £1.38p (£0.75p) before extraordinary items and 0.78p (0.61p) after. The interim dividend is up from 0.49445p to 0.55p. Last year an 0.80555p final was paid on profits of £112,000.

Directors say the joint company, Dessau-Habit Inc., is progressing well. Habit has made available a medium-term loan of $150,000 to the joint company to finance purchase of ... Forms Inc. and to provide working capital. It is anticipated that the joint venture company will make a useful contribution to profits next year.

## ISSUE NEWS

### East Anglia success

The offer for sale by tender of £2m 7 per cent Redeemable Preference Stock 1983 by East Anglia Water Company has attracted applications amounting to £4.34m.

While the minimum price of the issue was £97.50 per £100 of stock, the average price obtained was £98.161 with the lowest price to receive a partial allotment being £98.05.

Dealings will start today.

Brokers to the issue were Seymour, Pierce and Co.

### LEYLAND PAINT

Leyland Paint and Wallpaper announces that application for conversion of £1.08m 8 per cent Convertible Unsecured Loan Stock 1981 has been received in respect of £912,982 of stock. The last conversion period for this stock ended on June 30.

A total of 1.19m Ordinary shares of 25p each will therefore be issued in conversion and an application will be made to the Stock Exchange for a quotation.

### I. & J. HYMAN

I. and J. Hyman, plastic foam converters, announces that of the 1,976,010 new Ordinary shares issued by way of rights, 1,858,770 shares (94 per cent) were taken up.

The balance of 117,240 shares has been sold on the Stock Exchange and the excess over the subscription price (after expenses) of 11.58p per share will be distributed among the original allottees in accordance with their respective entitlements.

### HUNTING PETROLEUM

Application lists will open and close today for the offer for sale by Robert Fleming and Co. of 2.7m Ordinary shares of 25p each at 85p per share in Hunting Petroleum Services.

In yesterday's edition it was incorrectly stated that lists closed on that day.

# Exports boost Brickhouse to peak £2.02m

A RECOVERY in the second half from £0.76m to £1.22m lifted pre-tax profits of Brickhouse Dudley from £1.59m to a peak £2.02m for the March 31, 1978, year.

At the half-way stage directors of this manhole and inspection cover and frames manufacturer, reported a fall from £0.83m to £0.8m, but said that second-half results would show an improvement on the first period, if full-time working could be maintained.

"In a year which, for the most part, saw again abnormally low levels of demand for our products in this country, the growth of our exports was the spearhead of our progress," states Mr. Michael Huxtable, chairman. The value of goods exported by the group rose 70 per cent, from £2,512,000 to £4,236,000.

And a significant and encouraging volume of business has been obtained in the first months of the current period which enhances the directors' confidence in reaching the increased sales target they have set for this year, he adds.

The current trading period is off to a good start. "I would be disappointed if first half profits were not ahead of those achieved during the equivalent period of last year," says Mr. Huxtable.

Export orders will continue to be a critical factor, he adds, but signs of a modest improvement in the UK construction industry are beginning to show themselves.

Turnover for the year was ahead from £18.13m to £21.05m and tax took £1.04m (£0.83m). Profit came out at £0.98m, compared with £0.72m last time when an extraordinary item claimed £37,933.

Stated earnings per 10p share are 6.55p (5.04p) and the dividend is stepped up to 2.334822p (2.111811p) with a final net payment of 1.556522p.

After a bad start to the year, with short time working, the manufacturing division, aided by export contracts and a modest seasonal upturn in UK demand, showed a gradual increase of production and profitability, which is being maintained.

A capital investment programme totalling some £400 000 is being undertaken and the division has also received a grant from the Government Ferrous Foundries Aid scheme towards an investment programme scheduled for implementation over the next 3½ years.

In addition, the division has succeeded in securing larger volumes of available UK business, and following a successful programme of rationalisation, has lessened its dependence on more traditional markets by diversifying into engineering and agricultural castings.

A similar trading picture applied to the merchanting division the chairman states; a sluggish start to the year followed by signs of an improvement in the late summer which accelerated during the early months of 1978.

A national reorganisation programme has been completed offering vastly improved services to customers and better advance planning of manufacturing schedules.

Should ACT be reduced to 33 per cent, a deferred final dividend of 0.0236p will be paid at the same time as the 1978-79 interim.

## ● comment

Brickhouse Dudley has to thank its excellent export record again for the 27 per cent growt hin pre-tax profits to a record £2m. As in the previous year, export sales rose by over two-thirds to around 20 per cent of total sales, compared with a figure of 6 per cent in 1975-76. This reflects strong demand mainly from the Middle East, North and West Africa and the EEC. In contrast, abnormally low levels of demand prevailed in the home markets, reflecting the cut back in local authority spending. Howver, the situation at home is improving with the construction industry showing signs of a modest recovery and the diversification of the manufacturing division into engineerin gand agricultural castings. Coupled with a significantly larger export order-book, Brickhouse Dudley is expecting further growth in the first half with pre-tax profits likely to touch the £1m mark. The shares rose 4p yesterday to 46p, which give a p/e of 0.8 and a yield of 8 per cent, covered 2.8 times.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Braid, Gough Cooper, Thermal Syndicate.

Finals—Burtonwood Brewery, Celestion Industries, Daily Mail and General Trust, General Electric, Greene King, Kinta Kellas Rubber Estates, Scottish and Newcastle Breweries, Shaw Carpets, David S. Smith, Strand Riley Drummond, Wellmann Engineering, Wilkins and Mitchell.

FUTURE DATES

| | |
|---|---|
| Interims— | |
| Bonser Engineering | July 12 |
| Jacobs (John I.) | July 27 |
| Macpherson (Donald) | July 11 |
| Midland Bank | July 28 |
| Trade Indemnity | Sept. 7 |
| Westinghouse Brake and Signal | Aug. 1 |
| Finals— | |
| Associated Leisure | July 12 |
| ERF | July 12 |
| Macdonald Martin Distilleries | July 10 |
| Ratners (Jewellers) | July 11 |
| Russell (Alexander) | July 28 |
| Watson (R. Kelvin) | July 11 |
| Wigfall (Henry) | July 10 |

## Scottish & Continental unitisation

The basis for unitising Scottish and Continental Investment Company comprise the voluntary liquidation of the company followed by the transfer of its net assets to MJ European Fund, a new UK unit trust.

If the proposals are adopted each shareholder will receive one unit in MJ European Fund in exchange for each Ordinary share in the company.

To facilitate implementation of the scheme the proposals include a payment to subscription warrant holders in return for the cancellation of the warrants and all rights attaching to them. Basis of this payment was stated in the announcement made on June 8.

In view of the scheme, an interim dividend of 1.2p per share is declared, in lieu of the customary final (1.2p). If the scheme is approved, no further payment will be made.

## Argos leaps to £0.86m: sees more

A leap in taxable profit from £55,000 to some £860,000 is reported by Argos Distributors, the unquoted catalogue retailer for the November 5, 1977, year. Turnover jumped 90 per cent from £26.37m to £49.32m.

Mr. R. Tompkins, the chairman, says the continuing expansion of the company's business is expected to lead to further increases in both turnover and profit during the current financial year. The full benefits of the recent amalgamation of the Green Shield and Argos merchandise functions are expected to emerge in the published results for 1978-1979.

The balance sheet shows fixed assets up £2.74m to £6.46m. Current assets increased to £1.03m from £0.4m.

## Dividend rise seen for Ocean Wilsons

The Earl of Dartmouth, the chairman of Ocean Wilsons (Holdings) says in his annual statement, that the Brazilian economy is still suffering to some extent from the general world recession and the higher price of oil and so it is difficult to forecast at this stage what their profits for the year to January 31, 1979, in terms of sterling will be.

However, the cruzeiro profits shown by the first quarter returns of their trading operations are significantly higher than those for the same period last year.

He says that the capital registered in Brazil is now increased to £5,004,485 which provides a higher base for remittance purposes. There should, therefore, be good prospects for a further increase in dividend in respect of the current year.

Last year, when pre-tax profit was £2.68m (£2.8m), dividends totalled 2.875p net per 20p share.

Meeting, Winchester House, EC, July 26, at noon.

## Ellenroad declines £74,393

A further fall in the second half from £180,877 to £105,524 left profits at Ellenroad Ring Mill down at £129,084 pre-tax, for the year to April 8, 1978, compared with £203,477. Turnover was ahead at £6.42m (£5.96m).

The directors say that the order book is is adequate and, should there be an improvement in trading conditions, the group is well placed to take advantage.

Earnings per 25p share are 4.1p (6.36p) and as already announced, the dividend is maintained at 2.155p with an unchanged final of 1.655p.

Tax took £65,448 (£104,821) and £30,194 (£65,214) was retained.

The group's activities are spinning and doubling of cotton and man-made fibres.

## Frank G. Gates tops £1m

THE RECORD results for 1977 expected by Frank G. Gates, main Ford dealer, emerge as turnover of £20.2m against £15.7m and pre-tax profits up from £687,283 to £1.04m.

The directors anticipated the peak result last October when reporting first-half pre-tax profits 63 per cent ahead at £578,711 against £355,280 from higher turnover of £10.43m (£8.36m).

Earnings per 25p share are shown at 9.9p (6.7p) and the single dividend is lifted from 1.4125p to 1.55375p net.

Tax charge for the year amounts to £545,338 against £348,411.

## Eucalyptus Pulp falls £0.6m

PRE-TAX PROFITS of Eucalyptus Pulp Mills fell from £2.15m to £1.55m for 1977 after being down at the interim stage from £1.6m to £1.27m. Turnover for the full period was also behind at £10.35m against £12.41m.

Earnings per 25p share are shown as 27.3p (33.9p) and directors have passed the final dividend (5p) making a total for the year of 4.25p (5p) net.

Tax for the year took £0.43m (£0.78m) leaving a net profit of £1.11m (£1.37m).

Sir John Colville, the chairman, says in his annual statement that throughout the whole of the year world pulp markets were depressed and much of the group's tonnage was sold at reduced prices; profit margin suffered accordingly.

He says that the weakness in prices severe in the latter half of 1977, has continued into 1978, particularly because there has been a large accumulation of pulp stocks in Scandinavia and North America.

Sir John adds that there are now signs that the leading paper makers are beginning to build up their stocks of pulp again and that the long downturn in prices may be coming to an end. Thus, he says, there is some hope of an improvement in margins towards the end of the current year, and a more positive upturn in 1979.

Auditors say that there is insufficient information available to enable them to form a view on the adequacy of the Esc. 16m pensions provision for the group's two Portuguese subsidiaries, as at December 31, 1977.

Balance sheet shows fixed assets at £3.71m (£5.18m), net current assets £1.73m (£1.91m). Working capital decreased £0.4m (£1.31m increase).

Meeting, Charing Cross Hotel, WC, July 27 at 12.30 pm.

## Routledge advances to £361,242

Pre-tax profits of Routledge and Kegan Paul, book publishing concern, advanced from £311,246 to a record £361,242 in the March 31, 1978, year after £182,000 against £153,000 at halfway.

Turnover for the full period was ahead by over £0.5m to £3.22m. Basic earnings per 25p share, before extraordinary items, are shown as 17.2p (12.9p) and the dividend is lifted to 4.05p (3.67p), with a net final payment of 2.8p. Preference dividends absorb £1,457 (same) and ordinary dividends £39,515 (£35,807) after waivers £6,655 (£6,031).

Net profit was £197,670 (£148,246) and there was an extraordinary credit for the year of £13,516 (£38,206), relating to a surplus made on the redemption and cancelling part of the company's 7½ per cent debenture stock 1987-92. Profit retained was £170,214 (£169,188).

# Jas. Finlay faces year of mixed fortunes

IN THE absence of any increases in tea prices, Sir Colin Campbell, chairman of James Finlay and Company, tells members that it seems likely that the group's plantation interests will produce lower profits in 1978, although they should still generate a useful return on capital employed.

He adds that the group's non-tea interests should, however, achieve further growth in the current year, although he says it seems unlikely that this will compensate fully for the likely reduction in the level of plantation profits.

Overall, directors believe that Finlay will again give a good account of itself in 1978.

Surplus cash and other realisable assets currently stand at over £10m and is due to be increased during 1978 by net overseas profit remittances of about £4m. Also the group is due to receive £470,000 in August, being the scheduled repatriation of part of the cash consideration of Finlay's 1977 Indian rupeeisation which is remitable in five equal annual instalments.

As reported on June 7, second-half profits fell slightly from £9.4m to £8.9m, but the group finished 1977 with pre-tax profits ahead by £4.3m to a record £15.8m. Turnover advanced from £58.09m to £74.41m, and the dividend is stepped up to 6.54515p (5.907784p) for the year. An interim of 6.45485p for 1978 is declared.

Also proposed is a sub-division of 50p stock units into 25p units, and a scrip issue on the basis of one 25p unit for every 50p unit held.

Sir Colin says that plantation interests which provides the major proportion of profits produced record results, due to the high prices for tea obtained during the year, particularly in the first four months. Since that time tea prices have fallen, he adds, although they are still significantly above 1975 prices.

On the financial side of the group, merchant banking subsidiary James Finlay Corporation, in the UK, had a disappointing year as a result of significant provisions having to be made against some of its general commercial advances. After some £1.2m provisions, the subsidiary incurred a loss for 1977 of £328,000 compared with a £450,000 profit for 1976. However, due to a tax clawback the net loss is reduced to £147,000.

Overseas, in the international confirming and financing S. H. Lock group of comp[anies] produced lower profits of £[...] compared with £1.03m, and caused by a bad debt in Ca[...]

Trading in Australia was [...] factory, the chairman says, results from New Zealand w[...] record, with Canadian oper[...] now back on track.

On the industrial field of [...] ties, George Payne and Co., [...] fectionery and beverage co[...] turned in record pre-tax pro[...] £731,000 (£523,000) and bene[...] from being well covered in [...] materials and also from th[...] nificant capital expenditure [...] gramme that has [...] implemented over the last [...] years.

The chairman antic[...] another good result from [...] source in 1978.

The group continues to [...] centrate major effort on ne[...] vestment, and Finlay mad[...] offer in June, 1978, for a[...] issued share capital of Se[...] Maritime.

John Swire and Sons hold[...] per cent of Finlay's equity, British and Commonwealth [...] ping Company, 10.6 per cent.

Meeting, Glasgow, July [...] noon.

# Scotcros equipped for growth

WITH THE most difficult of its development cycle behind the group, Mr. W. R. Alexander, chairman of Scotcros, tells members that it is equipped for a sustained period of organic growth, both in the UK and overseas.

He is hopeful that profits for the first half of the current year will return to the level of the 1977/78 opening period, and that results for the full 1978/79 year will demonstrate that Scotcros has resumed growth, "which has been a feature of recent years."

As reported on June 7, exceptional development expenditure coupled with difficult trading conditions in the final quarter reduced pre-tax profits for the March 31, 1978, year from £1.12m to £0.65m on turnover down from £19.66m to £19.35m.

The exceptional expenditure, amounting to £334,000, followed the installation of an initially unsatisfactory packaging production line in Edinburgh. In recent weeks, however, the plant has produced saleable products and directors are confident that the substantial provision made for any future production loss is adequate.

The chairman discloses that the group's 80 per cent investment in the Remy Group, France, costing some £1.4m has already resulted in French contracts for Scotcros transport equipment and the imminent conclusion of a number of other trading agreements.

Costs of developing the production of roll-over protection structures (ROPS) for earthmoving equipment has also been written off, significant sales contracts for ROPS have been won in Europe and the UK, and directors expect this activity to make a growing contribution to group profits, Mr. Alexander says.

This division has also secured contracts for defence equipment, with deliveries beginning in the current year.

In the food division, farm supplies ended the season on a rising trend with sales and profits holding up well. Additional capacity has been installed and quality improved in order to win a growing section of this market.

He adds that in the drinks division the Scottish agency for Williams and Humbert sherries is now gaining momentum with higher sales and profits anticipated. The group's own brands now have a dominant position in the market and "we expect to continue to enjoy consistent and steady profitability."

Auditors say the directors have made a provision of £200,000 to cover known and future installation costs arising in connection with plastic sheet production. At this time it is not possible to determine with reasonable accuracy the ultimate costs which will be incurred, and so auditors qualify the accounts subject to the adjustment, if any, which may be required.

Solsgirth Investment Trust, of which Mr. Alexander is a director, holds 10.2 per cent of the equity.

Meeting, Glasgow, July 31 at noon.

## Caledonian Assoc. Cinemas profit increase

Profits before tax of Caledonian Associated Cinemas increased from £345,000 to £462,000 in the year ended March 25, 1978. Turnover was higher at £6.35m against £4.93m.

Earnings per 25p share are shown at 60.3p (41.5p) and a final dividend of 2.623p raises the total from 3.244p to 3.623p. Should ACT be reduced, the final dividend will be increased to 2.683p.

Tax charge for the year is £210,000 against £172,000. Attributable profit amounts to £3[...] (£434,000) after extraord[inary] credits of £30,000 (£201,000).

The group's ultimate ho[lding] company is Equity Trust.

## Bird receives final Tanzania compensation

Bird and Co. (Africa) received the final instalmen[t of] compensation from the Tan[zanian] Government in respect of [the] assets and liabilities of the [com]pany in Tanzania taken over [by] the Government in 1967.

The amount received in exte[rnal] sterling is £247,711. A tota[l of] some £1.05m has now [been] received in compensation, [and] the Tanzania Sisal Corpora[tion] has fully repaid the 7½ per [cent] loan stock, originally issued [to] the company. The amount [of] this stock outstanding at the t[ime] of nationalisation was £526,97[...]

The directors of Bird h[ave] already stated that it is t[heir] policy to make arrangements [for] the company to go into volunt[ary] liquidation as soon as practic[able] in order to return the capi[tal] to stockholders.

## RESULTS AND ACCOUNTS IN BRIEF

ALLIANCE INVESTMENT COMPANY—Results for year to April 30, 1978, already known. UK-quoted investments at market valuation £10.69m (£5.40m), abroad £7.24m (£6.9m). Unquoted at directors' valuation £449,184 (£648,093). Net current assets £785,553 (£73,927). Increase in liquidity £801,783 (£220,320 decrease). During year emphasis placed on U.S. and Japan. Principal changes in overseas investment—reductions in Europe and Australia and increases in U.S. and Japan. Policy is to combine increasing income with capital growth and to retain a high proportion of investments overseas in countries where future looks more attractive. In UK company continues to concentrate on smaller companies with good growth prospects. Chairman hopeful that next year will again provide an increase in earnings and dividend. Meeting, 1-2, Laurence Pountney Hill, EC, on July 19, at 2.30 pm.

ALLIED PLANT GROUP—Results for 1977 reported June 29. Fixed assets £1.00m (£0.72m), net current assets £0.39m (£0.44m). Meeting, York, July 24 at noon.

ALPINE SOFT DRINKS—Results for the 53 weeks ended April 1, 1978, reported on June 16 with full chairman's statement. Group fixed assets £3.84m (£2.72m). Net current assets £416,939 (£116,832)—short-term deposit £330,000 (£550,000) cash at bank £211,065 (£81,507). Meeting, Birmingham, July 20 at noon.

AMBROSE INVESTMENT TRUST—At close of business on June 30, 1978, approximate asset value per capital share, after providing tax on realised profits but before providing for contingent tax on unrealised appreciation was 182.1p (180.74p for previous month).

BEECHWOOD CONSTRUCTION (HOLDINGS)—Results for March 31, 1978 year already known. Group fixed assets £1.92m (£2.02m), net current assets £1.13m (£1.16m). Pre-tax profit £312,158 adjusted on CCA basis to £100,963 after depreciation £59,458, cost of sales £231,622, less gearing factor £80,886. Meeting, Swansea, July 27, noon.

B.E.T. OMNIBUS SERVICES—Results to March 31, 1978, already known. Current assets £14.22m (£12.78m), current liabilities £13.58m (£14.29m), fixed assets £24.6m (£22.12m). Subsidiary of British Electric Traction Co. Meeting, Stratton House, W., July 25 at 2.30 p.m.

J. BILLAM (cutlers)—Results for 1977 with chairman's comments on prospects reported May 27. Group fixed assets £357,520 (£301,700). Net current assets £117,010 (£369,014). I.T.C. Pension Trust and I.T.C. Pension Investments jointly hold 100,000 Ordinary shares. Meeting, Sheffield, July 19, at noon.

BRENT WALKER—Results for 1977 already reported. Fixed assets £8.17m (£6.29m), net current assets £0.5m (£61,520 liabilities). Meeting, Tower Hill, E.C., July 28 at 4.30 p.m.

BRITISH STEAM SPECIALTIES GROUP—Results to March 31, 1978, reported June 22. Fixed assets £2.6m (£2.25m), current assets £14.79m (£11.08m), current liabilities £8.42m (£6.55m). Current cost pre-tax profit £1.62m after gearing £304,000, cost of sales £0.76m, depreciation £382,000. Meeting, Leicester, July 27 at noon.

BURNETT AND HALLAMSHIRE HOLDINGS—Results to March 31, 1978 reported June 22. Fixed assets £6.39m (£6.69m), net current assets £5.39m (£3.34m). Meeting, Sheffield, July 20 at noon.

CALEDONIA INVESTMENTS—Results for March 31, 1978 year reported June 16. Quoted UK investments £16.57m (£9.07m), overseas £0.37m (£0.43m). Unquoted at directors' valuation £1.59m (£1.61m). Fixed assets £1.34m (£1.30m), current assets £5.62m (£5.32m), liabilities £2.77m (£2.27m). Working capital increased by £296,148 (£328,874 decrease); liquid funds decreased by £818,285 (£514,000). Auditors say the company's policy of including in accounts only the dividends received from associates does not accord with the relevant standard accounting practice. At May 31, 1978 Sterling Industries held 16.42 per cent of the equity, 16.23 per cent of which was through Crewkerne Investments. Meeting, Cayzer House, EC, July 26, at 3 pm.

CONTINENTAL AND INDUSTRIAL TRUST—Results for year to May 31, 1978, reported June 28. Listed UK investments £37.51m (£32.72m), abroad £14.49m (£15.53m), unlisted £0.3m (£0.17m). Net current assets £0.88m (£1.4m). Net liquid funds decreased £0.36m (£0.06m increase). Meeting, 120, Cheapside, EC, July 26 at [...]

DE LA RUE—Results for the March 31, 1978, year reported on June 7 in a full preliminary statement with prospects. Group fixed assets £25.91m (£20.43m), net current assets £46.85m (£22.16m). Pre-tax profit £38.3m reduced to £33.7m after extra depreciation £1.6m, cost of sales adjustment £0.8m and net monetary assets £2.2m. Net liquid funds increased by £12.46m (£16.93m). Meeting, Cafe Royal, W., July 26, 11.30 am.

EQUITY CONSORT INVESTMENT TRUST—Results to April 30, 1978, previously reported. Net current assets £909,609 (£80,255), investments £4.23m (£4.37m). Meeting, St. Swithin's Lane, E.C., September 12, 2.45 p.m.

FRANCIS SUMNER (HOLDINGS) (textiles, engineering, plastics, offshore engineering)—Results for 1977 with scrip issue reported May 26. Fixed assets £1.7m (£2.14m). Net current assets £2.39m (£2.21m). Chairman says current year started with slower intake of orders. However, he looks forward with great confidence to successful year. Meeting, Great Eastern Hotel, E.C., July 21, at 11 a.m.

# The aftermath of Amoco Cadiz

BY PAUL TAYLOR

[O]N MARCH 16 the steering [ge]ar aboard the Amoco Cadiz, a [ve]ry large crude carrier [(V]LCC) failed and winds of up [to] force eight blew the vessel [agr]ound off Portsall on the north [co]ast of Brittany. The vessel's [tan]ks were ruptured releasing [its] cargo of 220,000 tons of light [cru]de oil on to the French [be]aches and causing the world's [wo]rst ever oil pollution disaster. Six days later the Liberian [Bu]reau of Maritime Affairs, [res]ponsible for registering the [tan]ker, set up a five-man Board [of] Inquiry under Sir Gordon [Wi]llmer, a former Admiralty [Hi]gh Court Judge, to investigate [the] causes of the incident. Last [Sat]urday, after taking evidence [fro]m dozens of witnesses during [a] 21-day hearing, the investiga[tio]n was closed.

The evidence for the interim [rep]ort, to be published by the [Bo]ard in the autumn, falls into [thr]ee areas. First the technical [ev]idence concerning the steer[in]g gear and the possible ex[pla]nations for its failure: [sec]ond, the apparent delay in [cal]ling for assistance once the [ste]ering gear failed; and third, [the] events surrounding the [abo]rtive salvage attempt.

The three main witnesses at [the] inquiry, who together [ac]counted for almost half the [ve]rbal evidence, were Captain [Pa]squale Bardari, master of the [Am]oco Cadiz, Captain Hartmut [We]inert, master of the Bugsier [sal]vage tug Pacific and Sr. [Ga]rcia Blanco, commercial and [tec]hnical chief at the Astilleros [Es]panoles Manises factory [wh]ere the steering gear was de[sig]ned.

At 9.45 am on March 16 the Amoco Cadiz left the [no]rthbound shipping lane which [is] part of the Ushant separation [sch]eme, about 7.5 miles north of [Us]hant en route to Rotterdam [vi]a Lyme Bay, the helmsman re[po]rted that the rudder was not [re]sponding to the bridge [wh]eel.

On inspection it was dis[co]vered that five of the six bolts [ho]lding a hydraulic pipe flange to the main steering gear [di]stribution block had sheered [an]d oil was gushing from the [sy]stem. The Amoco Cadiz [ste]ering system has not been [re]covered from the wreck but [tes]ts on bolts taken from similar [ste]ering gear in sister ships [su]ggested that they were made [of] sub-standard steel which was [no]t adequate to withstand the [st]resses of service. An un[ex]plained pressure build-up in [th]e system had caused them to fail. The steering system, although operated by dual pumps, was fed from a single hydraulic fluid reservoir and therefore once efforts to repair the system failed the tanker was left without effective steerage.

On the delay in calling for assistance the inquiry heard that the immediate response of Captain Bardari to the steering failure was to close down the engines and broadcast a warning to other ships to stay clear. It was not, however, until 11.10 a.m.—after the vessel had been drifting for almost one-and-a-half hours—that he made inquiries about tug assistance, and not until 11.20 a.m., when he was told the steering gear was beyond repair, that he called for assistance.

Even then he did not put out a general distress call. This was not successfully done until 11.18 pm, more than two hours after the tanker first hit the rocks at 9.04 pm. Captain Bardari argued that he was right not to call for assistance before 11.20 a.m. because it was not until then that he knew the steering was beyond repair.

The tug Pacific arrived on the scene at 12.20 p.m. and secured a tow line aboard at 1.31 p.m. The tug master argued that if a call for assistance had been made earlier not only would he have stood a better chance of saving the floundering tanker but a second Bugsier tug might have arrived in time to assist him.

On the third point—the abortive attempts to tow the tanker out of danger—the Board was presented with contradictory evidence. It will have to consider why Captain Bardari was apparently reluctant to accept the standard form of salvage contract, a Lloyd's Open Form no-cure no-pay contract, and whether to accept his claim that the tug captain threatened at one stage to drop the tow line unless this contract was agreed. The Board must also decide why at 4.15 p.m. the chain section of the tow line parted and why it was more than four hours before a second tow line was made fast. During these four hours Captain Bardari used the tanker's engines astern and the Board will want to consider whether the engines could have been used at any other stage of the rescue attempt.

What is clear from the evidence, however, is that the tug Pacific, even if the tow line had not broken during the salvage attempt, could only have been expected to hold the heavily laden Amoco Cadiz in position until more assistance arrived.

While it is impossible to anticipate the inquiry's findings there are several key questions the Board will seek to answer in its interim report. It is clear from the evidence and comments made by Sir Gordon that particular attention is likely to be paid to whether the international regulations covering tanker steering gear need to be tightened.

Several witnesses suggested that in future tankers should be designed with twin fully independent steering systems. This view is shared outside the inquiry: for example the Royal Institute of Navigation in its evidence to the Commons committee investigating tanker safety said it would support such a move.

The Board of inquiry will also consider the need for tanker captains to inform the appropriate authorities as soon as a pollution threat appears, and for oil companies to lay down unequivocal rules for accepting salvage contracts.

The Board may also feel that, while little criticism could be made of the training of the Amoco Cadiz crew, there is a need for tanker crews to have real or simulated experience of towage. Such a requirement could form the basis of an amendment to the IMCO training convention which is expected to be signed later this week, and which will probably include recommendations for specialist training of tanker crews.

Given the possibility that there were misunderstandings between the two captains because of language difficulties the Board will also consider recommending changes in training to ensure an acceptable degree of fluency in a common language, probably English. Although the evidence concerning the wrangle between the two masters over the form of contract—salvage or an hourly towage rate—provides an interesting insight into the world of salvage, it is unlikely that it made any material difference to the disaster. A suggestion made by Captain Bardari and others that the tug had appeared unwilling to tow until a Lloyd's contract was agreed was convincingly refuted by Captain Weinert with the support of the tug engine logs.

The Board may however wish to comment on the dispute and might also make recommendations about the need to keep heavy towing equipment on board tankers in the light of evidence about the chain breaking.

The disaster and the inquiry have also raised broader questions about ships sailing under "flags of convenience."

The French Senate inquiry which has just released its findings, as expected has reiterated the call for tougher action against "flags of convenience," even to the extent of one suggestion that all but EEC vessels should be excluded from EEC ports. The French inquiry suggests the Amoco Cadiz incident was caused by crew incompetence and a clash of personalities between the tanker master and the master of the salvage tug.

The Liberian inquiry, on the other hand, is likely to decide that the initial cause of the disaster was a steering failure in poor weather but will consider whether Captain Bardari, in the words of Sir Gordon, "did too little too late."

Even without the findings and any recommendations that the Liberian Board may see fit to make, the Amoco Cadiz affair has already had a significant impact on the international approach to tanker safety and pollution, in much the same way that the Torrey Canyon disaster did when it hit the Cornish coast in 1967. This impact can be measured by the speed with which IMCO has reacted.

Meanwhile the final question of blame will remain unanswered until the courts decide who is to pay the bill for the disaster. And while there are no changes in the present international and industry-based compensation schemes the cost of the Amoco Cadiz disaster is likely to exceed all existing arrangements which provide compensation only to about $36m (£25.3m). The French Government recently estimated that its share of the bill could alone total about FFr. 500m (£59m). At present Captain Bardari and Captain Hartmut Weinert have both been released on bonds and are expected to face charges later this year.

The inquiry also had a political importance over and above the desire to discover the cause of the disaster. For Liberia it has focused unwelcome attention on its mercantile fleet at a time when, having gained a seat on IMCO's executive council, it was beginning to lose the "flag of convenience" tag.

The inquiry therefore had an unwritten purpose, spelt out verbally by Dr. Frank Wiswall, counsel for Liberia, namely to demonstrate in an internationally acceptable manner that the disaster could not be blamed on either a sub-standard vessel or crew, and that Liberia has a real concern for tanker safety.

**ON FRIDAY delegates from 72 nations will put their signatures to a new convention laying down minimum standards for the training and certification of ship's crews in the wake of the Amoco Cadiz disaster.**

**Although the Inter-Governmental Maritime Consultative Organisation's conference on training was planned well in advance of the Amoco Cadiz catastrophe the speed and urgency with which agreement has been reached will be interpreted as another effect of the Amoco Cadiz affair.**

**In response to French pressure IMCO, at its Maritime Safety Conference in April, accepted the need for a new traffic scheme further away from the Brittany coast and agreed to examine a number of important proposals in committee including changes to the 1910 Brussels convention on salvage, compensation arrangements and the relationship between master, ship owners and flag states.**

**It has also agreed to re-examine the regulations covering steering gear on tankers.**

**The Liberian inquiry findings are expected this autumn and will probably lend support to these proposals in time for a diplomatic convention next year.**

APPOINTMENTS

# Chairmanship change for Leopold Joseph Holdings

Sir Hugh Weeks, chairman of LEOPOLD JOSEPH HOLDINGS since 1966, is retiring after the annual meeting on July 26. He is to be succeeded by Mr. Robin Herbert, but will continue to be associated with the bank as a consultant. Sir Hugh was for many years a director of Finance Corporation for Industry and of Industrial and Commercial Finance Corporation. He was also chairman of the Economic Committee of the Confederation of British Industry. Between 1965-68 he was deputy-chairman of Richard Thomas and Baldwins, and until 1972 was a director of the strip mills division of British Steel Corporation.

*

Admiral of the Fleet Sir Edward Ashmore, Chief of the Defence Staff until his retirement last summer, has accepted an invitation to join the Board of RACAL ELECTRONICS. Sir Edward, who takes up his appointment immediately, specialised in communications, both ashore and afloat, for the major part of his 44 years with the Royal Navy. For 10 years, until assuming broader responsibilities in 1971 as a NATO Supreme Commander and Commander in Chief of the British Fleet, he had responsibility for the operational and technical administration of naval communications on sea and land. Sir Edward became Chief of the Defence Staff and was promoted Admiral of the Fleet in February 1977, three years after being appointed First Sea Lord and Chief of the Naval Staff.

*

ESSOCHEM EUROPE INC., the company coordinating Exxon Corporation's chemicals activities in Europe, Africa and the Middle East, has announced senior management changes in its Brussels organisation. Dr. Karl-Ludwig Böhmer, previously the company's vice-president for chemical specialities, has been appointed vice-president for plastics, succeeding Mr. John R. Eagle, who is moving to Houston, Texas, as plastics vice-president for Exxon Chemical Company USA. Mr. Anthony F. D. Pott, who has been appointed to succeed Mr. Böhmer as vice-president for chemical specialities, was previously the company's vice-president for special projects.

*

Mr. A. D. McN. Boyd has ceased to be chief executive of RICHARDSON WESTGARTH AND COMPANY, but continues as chairman. Mr. G. E. Darwin has been appointed chief executive.

*

Mr. E. Wall has been appointed managing director and chief executive, Iran, of NATIONAL FREIGHT CORPORATION (INTERNATIONAL). Mr. Wall, who will take up his new post in August, succeeds Mr. K. H. H. Cook, who is returning to the UK to take up a senior position at NFC headquarters, as previously announced. Until the end of 1977, Mr. Wall was managing director of Wincanton Transport and deputy-chairman of the transport and engineering division of Unigate. Since leaving Unigate he has visited Iran on behalf of the NFC as a consultant working on the initial stages of a project to provide freight terminals at four Southern Iranian ports.

*

Mr. Colin Hope, director of Dunlop's engineering group, based at Coventry, has been appointed to the Board of DUNLOP LTD., the group's European operating company. Mr. Hope, who joined Dunlop in 1976 as director of the engineering group, is deputy-president of the Coventry Engineering Employers Association.

*

Sir Frank Marshall, formerly deputy chairman of MUNICIPAL MUTUAL INSURANCE and its subsidiaries, has been appointed chairman on the retirement of Sir Francis Hill. Lord Greenwood of Rossendale succeeds Sir Frank Marshall as deputy chairman.

*

Mr. John L. Rogers, chairman of the meat division of the UNIGATE GROUP, has left the company and relinquished all his appointments within the group. Mr. John L. Read assumes the chairmanship of the meat division in addition to his other responsibilities.

*

Mr. Keith Mitchell, who has been appointed deputy director-general of the INSTITUTE OF EXPORT, was formerly commercial manager for International Chemicals in Zambia.

*

Mr. Tony Stoller has been appointed the INDEPENDENT BROADCASTING AUTHORITY's head of radio programming. Currently senior officer (radio) at the IBA, he will take up his new post at the end of this month, succeeding Mr. Michael Starks, who is going to the BBC.

*

Mr. G. S. Bostock has joined the Board of the MIDLAND NEWS ASSOCIATION, publishers of the Express and Star and Shropshire Star. He was recently appointed chairman of Keeling and Walker, and is a director of R. F. Kershaw, Lloyd's underwriting agents, and Anthony Wieler and Co., investment consultants. Mr. Bostock retired from the family firm of Lotus, of which he was vice-chairman and joint managing director, in 1962.

*

Mr. D. B. Waters, director and general manager of PORT TALBOT PLANT and of PTP Plant Hire, has been appointed managing director of both companies. He succeeds Mr. D. M. D. Mort, who has become chairman. Mr. Mort is also managing director of PTP Plant Sales.

*

Professor L. P. Pugh and Mr. J. A. Igguiden have both retired from the board of directors of the WEST KENT WATER COMPANY.

*

THE COUNTRYSIDE COMMISSION has appointed three people to serve on the new BROADS AUTHORITY, which is being formed in an attempt to solve the environmental problems of the area. They are: Mr. S. Bushell, of Norwich, a solicitor, former chairman of the Broads Society and currently a member of its executive committee. Dr. T. O'Riordan, of Colney, a reader in the School of Environmental Sciences, University of East Anglia. Lt.-Cmd. A. S. McLean, of Brisley, Norfolk, chairman of Norfolk Naturalists' Trust.

*

Mr. George Slyburski, a director of Bank of America's wholly owned subsidiary WOBACO TRUST, has been appointed general manager of the international trust office in Nassau. This appointment follows the resignation of former managing director Mr. John Kitchen, who has joined Société Financière Européenne to establish a new trust operation in Nassau.

*

Mr. A. Woodward has been made commercial director of C. F. TAYLOR (HOLDINGS). Mr. R. Thompson is appointed director and general manager of KONTAK MANUFACTURING COMPANY and Mr. J. McCullough is made marketing director of the company. Both are subsidiaries of Engineering and Industrial Securities.

*

Mr. L. A. M. F. Blair has been appointed managing director of TURNBULL GIBSON TRAVEL.

*

Mr. G. E. Isaacs has been appointed production director of VESSA, a member of Intermed, the Thomas Tilling medical, rehabilitation and health-care subsidiary.

*

Mr. Roger Eve has been appointed UK sales director, J. C. BAMFORD EXCAVATORS, Rocester, Staffs.

*

Mr. Richard Stokes has joined the board of JOHN VEALE ASSOCIATES, an executive search consultancy, as an executive director. He was previously group personnel director and a main board director of the Burton Group.

*

The Home Secretary has appointed Mr. T. N. Ritchie as a member of the GAMING BOARD FOR GREAT BRITAIN. Sir James Starritt has been reappointed for a further term. Mr. Robert T. M. McPhail has retired.

*

Mr. Mat Facey has become managing director of METRIC FASTENERS and of SNW on the retirement of Mr. Derek Brook.

*

Mr. M. A. Wilkinson has resigned from the Boards of GUARDIAN ROYAL EXCHANGE ASSURANCE and Guardian Assurance Company on taking up residence in Jersey.

*

Mr. William A. McNeill has been appointed a director of GATEWAY BUILDING SOCIETY. Mr. McNeill is managing director of Thomas Somerset and Co. (Textile Manufacturers), and a local director of the Ulster Bank.

BIDS AND DEALS

# Sime stake in Guthrie bought at well below current levels

BY JAMES BARTHOLOMEW

Sime Darby's 4.8 per cent stake in Guthrie, announced last week, was bought over a six month period ending a month ago at well below current market levels, said Mr. James Scott, chief executive of Sime Darby, speaking from Kuala Lumpur yesterday.

Shares of Guthrie, the 90 per cent British-owned company with among the largest plantation interests in the Far East, were very active last week on takeover speculation.

In response, Sime Darby announced its current stake and stated that it had "no present intention to increase its investment in Guthrie."

Mr. Scott added yesterday that the Guthrie stake had been bought at about 250p to 270p per share and said it was "a good month since we bought a share." The purchases were made, he said, because the prices of commodities which Guthrie produces—rubber and palm oil—were looking good. Moreover Guthrie's share price seemed cheap in relation to that of other comparable producers.

But now that Guthrie's shares have climbed up to 330p, Mr. Scott said that further purchases were "doubtful." The stake should be seen in the context of the many trade investments which Sime Darby has made, he said. Sime had been particularly active in building them up this year.

As is normal in the Far East, a number of rumours have been circulating the markets about Sime Darby's intentions and actions. These included the assertion that parties acting in concert with Sime had been buying shares from Hong Kong. Mr. Scott said: "I can tell you straight that we bought these shares on our own and there is no question of concert parties warehousing or anything of that sort." It did not surprise him that a lot of Far Eastern buyers had appeared. The shares had been too low.

Mr. Scott also denied that Sime bought the Guthrie stake at the behest of the Malaysian Government with the aim of speeding up the "Malaysianisation" programme. He said that Pernas, a Government agency, held just under 20 per cent of Sime but in the time he had been chief executive, "we have not been constrained in any way by the Government." Sime is "totally commercially orientated," he said. In any case, Guthrie's existing plans were widely considered a "shining example" of Malaysianisation.

From the Guthrie side, record demand for copies of the share register is reported. The secretary of the company, Mr. Openshaw, has discovered the beneficial owners of the bigger nominee shareholdings, as he is entitled to do, and estimates that only about 10 to 13 per cent of the shares are owned outside the UK. The British shareholders consist of about half and half of individual shareholders and investment institutions. Only about 10 per cent of the British holders do not fall into these categories. The scope for any potential bidder "sneaking up" on Guthrie appears limited.

Mr. Ian Coates, managing director of Guthrie, said on Monday that it would be his duty to look at any bid from wherever it came. He noted that Guthrie is not just a plantation company but has carpet and other operations. The interests of the 4,000 British employees would have to be among those considered in the event of a bid.

Testifying to the diversity of Guthrie was a Middle Eastern deal announced this week. Guthrie has taken 49 per cent. of a partnership with A. R. E. Galadari and Brothers of Dubai. The new company, Guthrie Galadari with £3.2m of share and loan capital, will distribute food and other consumer products in the Gulf States.

Mr. Coates said that Guthrie had wanted to establish a presence in the Middle East for some time and had been looking for a good partner. The Gulf states combined political stability with the economic growth of the Middle East as a confirming Middle East as a whole. Guthrie already has experience of trade with the Middle East as a confirming house and has particular experience of food distribution in the UK and elsewhere.

# BAT sells Brazil food chain

British American Tobacco's quoted Brazilian subsidiary, Souza Cruz, has sold its chain of 34 food stores in Rio de Janeiro and Sao Paulo for just under £7m (Cruzeiros 230m). The buyer is Pao de Acucar, the leading supermarket operator which runs the "Jumbo" chain not only in Brazil but also in Spain and Portugal.

A spokesman for BATs in London said yesterday that the Souz Cruz chain of stores, called Peg-Pag had been running at a loss (amounting to £1m in 1977) and the company had been faced with a decision either to expand it substantially or withdraw from the market, in favour of more established chains.

Souza Cruz bought Peg-Pag in 1972 for £2½m. The surplus from the sale will now be spent on other "potentially lucrative forms of investment," a spokesman in Rio commented.

Souza is one of BAT's most important cigarette companies, virtually controlling the Brazilian market which is constantly expanding and where the Government has permitted yearly price rises.

Reports from Brazil suggest Souza is considering investing the Peg-Pag proceeds in a new plastic film enterprise or possibly in a cellophane unit that would supply its cigarette packaging requirements.

### JAMAICA SUGAR TALKS DELAYD

Jamaica Sugar Estates has announced a further delay in negotiations with the National Sugar Company for the acquisition by NSC of JSE's sugar assets.

An agreement embodying the agreed terms had been drafted by NSC's legal advisers and approved by the directors and a first proof of a circular to shareholders had been printed with a view to placing the proposals before the shareholders.

However the directors were advised recently that the Ministry of Finance could not give permission for one of the principal terms and had thrown doubt on whether another of these terms was acceptable.

NSC has now written to confirm this and has at the same time put forward alternative proposals which, in the present form, the directors would not recommend to shareholders. Accordingly, they are to reopen negotiations with NSC as a matter of urgency to endeavour to reach agreement and a meeting has been arranged in Jamaica early next week.

However, the directors wish to stress the difficult background against which these negotiations are taking place and, in particular, the possibility, as mentioned in the chairman's announcement of February 2? of compulsory acquisition under legislation passed for the purpose.

The result of this latest development is to postpone in the meantime the placing of any proposals before the shareholders and to delay the completion of the audit and so the placing before holders of JSE's accounts for the year to September 30, 1977.

### NO PROBES

The following proposed mergers are not to be referred to the Monopolies Commission: Unigate/Carding Group; and Dana Corporation/Turner Manufacturing.

# BSG £1m expansion

BSG International has agreed to pay £1.1m in cash for the capital of Vega Auto Holdings, a private company with two subsidiaries, Vega Auto Products and GH Tools. In addition BSG will issue 301,271 ordinary shares.

Pre-tax profit of Vega for the year to March 31, 1978, amounted to £262,827. This was after charging directors' remuneration and expenses of £78,348 which will be non-recurring after the purchase by BSG. The directors feel that the value of net tangible assets should increase when the properties are revalued.

Leasehold properties were last valued in 1974 and freehold properties have not been valued since their purchase in 1976.

Vega is a designer and manufacturer of motor vehicle lighting equipment with two factories at Droitwich and one at Worcester. This purchase is complementary to BSG's existing vehicle lighting business Britax (PMG).

The two companies give BSG a greatly enhanced lighting division with a profit capability of some £1m.

### SANGERS PURCHASE

Sangers announces that its wholly-owned subsidiary Sangers Optics, has acquired a retail optical business in Kent for a total consideration of £105,000.

The consideration has been satisfied by the issue of 130,073 ordinary shares of Sangers. These shares do not rank for the final dividend declared for payment on October 2.

# Pyke family sells stake at 30p a share

By Christine Moir

In an unusual deal wh values W. J. Pyke, the wholes butchery company, at £230, against a market value of £344, the Pyke family has sold 3 per cent of the equity to a and Mrs. D. B. Thompson. T price was 30p a share: yesterd market price was 43p.

Mr. D. B. Thompson, who i director of Uniflex, the furnit group in which he holds 44 cent of the shares, has apparen been close to the butchery tr all his life. Yesterday's purch being over 30 per cent, au matically triggers off an offer the remaining shareholders.

However, at 30p this offer c not look very attractive and, deed Mr Thompson does appear over-eager to get m than 50 per cent of Pyke. In statement yesterday he said o that he was buying the sha from the Pykes as an investme

The most interesting aspect the deal now is what position v be adopted by the other ma shareholder, Cyril Hurvitz (U the British arm of the int national meat traders of t name. Hurvitz built up its st in Pyke during 1974 and by do so triggered off a wave of speculation which drove the sha up to a peak of 70p.

Since March this year specu tion has again surrounded company and the shares ha steadily edged up from 30p.

### ARMSTRONG OFFER UNCONDITIONAL

A wholly-owned subsidiary Armstrong Equipment yesterd purchased a further 74,1 ordinary shares in Cornercroft 65p per share.

Armstrong now holds or h received acceptances in respect 1,250,080 ordinary shares (50.0 per cent) and its ordinary off is therefore unconditional a will remain open for acceptan until further notice. T preference offer remains open h continues to be conditional as acceptances.

### GRAND MET

Grand Metropolitan is to ma an agreed bid for Alnwi Brewery Company in Northumb land. Despite its name, Alnwi Brewery is a distributor of a wi range of wines, beers, spirits a soft drinks. It is a public b unlisted company.

The terms of the offer, whi is to be made through Gra Metropolitan's subsidiary, Dr brough and Co., are equivalent £23.25 cash for each £1 ordina share and £1 for each 5 per ce non-redeemable preference sha

The offer will lapse if referre to the Monopolies Commission.

Alnwick made pre-tax profits £2,000 (£11,000) last year.





## COMPANY NOTICES

Notice to the Holders of Bonds of the issue 8%—1977/86 of US$25,000,000 made by the EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of bonds amounting to US$3,000,000 has been Purchased for redemption on September 1, 1978.

GRANGES AKTIEBOLAG

Copies of the Annual Report for the year ended 31st December, 1977 are now obtainable from:—
S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London EC2P 2DL.
6th July, 1978.

TORAY INDUSTRIES, INC.
(formerly Toyo Rayon Kabushiki Kaisha)

S. G. WARBURG & CO. LTD., announce that a dividend of Yen 2.00 per share has been paid to shareholders on the books of the above Company as at 31st March, 1978, in respect of the six months period ended on that date.

Holders of Bearer Depositary Receipts issued by S. G. Warburg & Co. Ltd. may present Coupon No. 31 for payment forthwith at S. G. Warburg & Co. Ltd., Coupon Department, St. Albans House, Goldsmith Street, London EC2P 2DL, or at Banque Internationale a Luxembourg, 2 Boulevard Royal, Luxembourg, subject to deduction of Japanese Withholding Tax and United Kingdom Income Tax (if any) at the appropriate rates. Details of tax deduction can be obtained from the Paying Agents.

S. G. WARBURG & CO. LTD.
As Depositary.
7th July, 1978.

## PUBLIC NOTICE

TAYSIDE REGIONAL COUNCIL
£2,000,000 Bills issued 6.7.78 @ 9¼% to mature 5.10.78. Total applications £16.5m. Total outstanding £6m.

# urvey shows gilts t 50-year low

TERRY OGG

REAL price of Gilts (con- hit its lowest level for t 50 years the six months ne 30 and is now a mere 3 nt of its all time high value ied on January 1, 1947, ling to an investment sur- epared by the stockbroking de Zoete and Bevan.

position for equities is ly better with the cost-of- adjusted equity price index t double the 50 year low of in the last half of 1974. It wever, only 35 per cent of ecord high value of 483 ished in the second half of The de Zoete index was set in 1919.

de Zoete survey uses an based on the price of £2½ ent Consols as a general tor of the state of the gilts et. The equity index is ited and adjusted annually flect the market capitalisa- f 30 leading companies. The anies in the index are ged to reflect changes in the et place. £ cost of living adjustment sed on the annual change in fficial retail price index.

In the first six months of 1978 equities outperformed Consols in the sense that the drop in their nominal value was much less than the fall in the price of Consols. "Evidence that infla- tion will soon begin to rise again, coupled with increasing domestic and international pressures for continuing high interest rates during the remainder of this year confirm our view that, over the year as a whole, equities are likely to outperform Consols for the first time in three years," de Zoete says.

The survey underlines the value of timing in investment decisions, as well as emphasising the advantage of holding cash during a bear market. With gross income reinvested, £1,000 invested in equities on January 1, 1946 would have had a monetary value of £23,473 on January 1, 1978. Switching funds in an ideal way between equities, gilts, treasury bills and cash (building societies) would have achieved an outstanding total in excess of £250,000 in the same period.

# Lindustries expects urther increase

FORECASTING another ase in profits for Lindustries e current year Mr. W. E. chairman, draws attention he fact that the difficult ng conditions which arose at nd of the last financial year not yet very much better.

t he states that some of the capital invested in various diaries should begin to earn eep and vigorous steps are taken to turn round the nakers.

fficult trading conditions in latter stages and a greatly ced contribution from over- associates combined to ict profit growth to 5 per last year, says Mr. Luke.

ofits would have been some 000 higher had it not been exchange losses due to the ements in sterling during the But at £8.92m compared £6.61m, both profit and sales £88.4m) set records.

e-tax profit is adjusted to m after gearing of £777,000, of sales, £2.92m and deprecia- £1.52m. Dividend for the is 9p per share (4.448p).

th sales and overall profits he engineering division were up on those of the pre- year and the return on tal employed was satisfactory. ite substantial capital invest- t in new plant and buildings division generated a large n account of the significant ss of the market values of the ap's properties over book es.

eeting, The Dorchester, W. 28 at noon.

unt of cash for the group.

o companies in the polymer sion earned good profits, icularly from exports, but uction at some factories did keep pace with demand and e were also serious problems uality and supply of imported hed material.

mpetition in the home textiles ket was severe but an excel- contribution from the group's an company prevented the ine of profits of the textile sion from being more serious. verseas the trading results Canada were most dis- inting, but made the further ease in profits by the group's ican subsidiary all the more forting.

he group's overall asset posi- has continued to improve at April 1, 1978, the net assets ibutable to shareholders unted to £35m. This figure re- s the Board's decision to release the majority of the deferred tax provision as it is not considered that this will fall due in the foreseeable future.

In arriving at the group's net asset provision the Board has not

## SHARE STAKES

Reed Executive—Mr. A. E. Reed, chairman, has acquired a further 30,000 shares for one of his non- beneficial trusts, Trexco English Settlement. The total non- beneficial holding for Mr. Reed is 2,140,355 shares.

Arbuthnot Latham Holdings—London Trust Company has pur- chased 120,000 ordinary shares of Arbuthnot from CEMP (Nether- lands) B.V. thereby increasing its shareholding to 7.366 per cent. CEMP has also sold its remaining holding of 330 ordinary shares.

Vickers—Eagle Star Insurance now holds £635,000 cumulative preference stock (9.25 per cent).

Associated Dairies—Mr. J. D. Ridgway, a director, has disposed of 27,132 ordinary shares.

Steel Brothers—Mr. J. H. Gaunt, a director, has sold 10,000 ordinary shares reducing his interest to 68,292 ordinary.

Robert McBride (Middleton)—In the 1977 accounts certain direc- tors are shown as having an interest in two settlements which between them hold 940,000 ordinary shares. As a result of the recent scrip issue that number of shares would be 2,820,000. In May 600,000 of those shares were sold. In the case, however, of 430,000 of the shares which have been sold the interest of the directors in question was remote.

Wettern Brothers—W. and J. Glossop has acquired a further 46,500 ordinary and is now interested in 466,500 ordinary (27.76 per cent).

Energy Services and Elec- tronics—F. G. Rollason has bought a further 52,000 shares.

Wiggins Construction — Gee and Slater now hold 540,723 ordin- ary shares (10.2 per cent).

Gordon and Gotch Holdings—Gordon and Gotch (Australasia) has purchased further 101,000 shares bringing the total holding to 1,162,012 shares.

Adda International — Imperial Life Ass. Co. of Canada holds 955,000 shares (5.37 per cent).

Peninsular and Oriental Steam Navigation Co.—John James Group of Companies has increased the holding in the company's pre- ferred stock to a total of £330,000 stock (7.4 per cent).

## MINING NEWS

# De Beers reduces gem diamond surcharge

BY PAUL CHEESERIGHT

A SURCHARGE of 10 per cent will be imposed on rough gem diamond sales at the sight to be held by the De Beers Central Selling Organisation in London next Monday, a company spokes- man said yesterday.

This will be the fourth surcharge since De Beers warned in March that the market had become dangerously overheated. But the surcharges have been steadily reduced from the 40 per cent levied in March, reaching 15 per cent last month, indicating that speculation in rough stones has died down.

The allocation of stones to clients attending the next sight, or sale, has been substantially reduced in comparison with the offering in June. There are 10 sights a year, attended by some 300 selected clients.

One Antwerp manufacturer's allocation has been cut by 50 per cent to what he called "a mini- sight." But this reflects not so much a squeeze on the market as a seasonal cutback. The July sight is traditionally slack with the Antwerp and Tel Aviv cutting and polishing industries working at a low ebb because of holidays.

It is possible that the surcharge at next week's sight will be the last. It is widely expected in Antwerp that the CSO, which handles some 85 per cent of the rough stones which move on to the international market, will soon abandon the surcharge policy.

The Antwerp industry is con- fident that the CSO will raise the list price instead by about 10 per cent if not in August, at least in September. Such a timing would coincide with a seasonal upturn in the market as it prepares for the heavy Christmas trade in polished goods and diamond jewellery.

In short a difficult phase in the diamond market seems to be ending. In the spring, when De Beers made its original warning of a surcharge, the hoarding of rough stones in the cutting centres, especially Tel Aviv, caused an uncontrolled escalation of prices on the secondary market for rough stones.

A premium sometimes as high as 100 per cent was being paid above the CSO list price for rough stones. Latterly, however, this premium has dropped to nearer 10 per cent and hoarded stones have been coming back on to the market again.

The quietening of the market has meant the restoration of margins for manufacturers. The price of polished stones never rose as quickly as the cost of the roughs.

Although the polished market has had a firm undertone, it has not been as strong in recent months as it was in the period to last March. Indeed the instability of the rough stone market has induced caution among the buyers of polished stones. Manu- facturers expected a revival in demand after the summer holi- days.

# Japanese warn Australia of lower iron and coal needs

AUSTRALIAN iron ore and coal companies have reportedly re- ceived some blunt warnings in private discussions with a high- level delegation of representatives from Japanese steel mills, writes James Forth from Sydney.

The delegation, which included Mr. Saburo Tanabe, vice-president of Nippon Steel, painted a grim picture, forecasting that Japan's steel industry would incur a total loss of A$700m (£430.5m) for fiscal 1977. With 1978 production likely to remain around 100m tonnes of crude steel, a substantial cut in Japan's intake of coking coal in 1978 would be unavoidable.

The Japanese suggested there should be a substantial element of spot sales in iron ore contracts, with a suggested mix of about 70 per cent on fixed terms and 30 per cent variable.

They also indicated that they were having second thoughts about the worth of long-term contracts in general. In the past, secure long-term supply commit- ments were important but low growth made it necessary to establish a purchasing formula.

In meetings with the coal com- panies, the Japanese representa- tives suggested that from now on the mills would indicate their total tonnage requirements on a quarterly rather than annual basis.

The delegation maintained that tonnage contracts under which amounts were specified but prices were not should be abandoned. Australian producers should agree to the inclusion of a flexible ele- ment in sales contracts.

The price of Australian steaming coal should be kept low, the Japanese said, and suggested a three- to five-year pricing period for steaming coal contracts.

The Australian companies think that the Japanese are merely attempting to negotiate the best terms they can but admit that the outlook for Australian producers is generally bleak.

## BOW VALLEY COAL PROPERTY

Bow Valley Industries, the Calgary oil, gas and minerals group, is extending its coal interests in the U.S. through the purchase of additional reserves in Harlan County, Kentucky from Clover Fork Coal, writes John Soganich from Toronto.

The acquisition is being made through Bow Valley's U.S. sub- sidiary, Flying Diamond Oil, which is based in Denver, Colorado. The reserves are adjacent to a coal mining opera- tion run by another subsidiary, Coal Resources Corporation.

Mining on the new property should start this year and will increase by 600,000 tons a year, Bow Valley's existing output. Last year, production was 1.15m tons.

# A M & S defies market gloom

AUSTRALIAN MINING AND SMELTING (AM and S), the lead and zinc arm of the Conzinc Rio- tinto of Australia group, yesterday defied the prevailing gloom on the metal markets and announced an A$11m (£6.76m) package of invest- ment in new processing plant at Port Pirie and Newcastle.

Two developments are planned. At Port Pirie a plant costing A$7.5m will be built at the lead refinery. Its purpose will be to upgrade lead quality by extracting bismuth. The work should be com- pleted early in 1980.

At Newcastle a new lead dross leaching plant is planned. It will process lead-copper by-products which are currently sold overseas and turned into lead bullion and copper sulphate. This work will cost A$3.5m and be completed by the middle of next year.

The announcement of the expan- sion comes at a time when AM and S is facing bleak trading con- ditions. In May, Mr. Rod Carnegie, the CRA chairman, warned that its contribution to group earnings would be much reduced and that there could be a loss on lead-zinc activities depending on metal prices.

At that time he pointed out that most zinc producers were operating at a loss. Certainly the price has changed little since then. AM and S had experienced relatively good demand, but Mr. Carnegie was not confident that output could be maintained. The Australian smelters were cutting back production to 75 per cent of capacity.

The lead price has also changed little since May, although Mr. Carnegie was more confident about the prospects. He said that demand was strong and stocks were low.

CRA is 72.6 per cent owned by Rio Tinto-Zinc, whose share price yesterday was 215p.

## BHP AND CRA TO ALIGN THEIR SALT INTERESTS

The two largest salt mining concerns in Australia are planning to consolidate their production in order to achieve cost savings and greater reliability of supply.

Broken Hill Proprietary and Conzinc Riotinto of Australia yesterday said in Melbourne that their salt producing units, Dampier Salt and Texada Mines, had taken discussions on a production merger to an advanced stage and that the Western Australian Government was closely involved.

The need for the discussion springs from the difficulties of the salt production industry, which has been hurt by depressed demand consequent upon the international economic downturn.

But both companies will maintain their existing contractual relationships with customers. Their salt is sold in Japan, to C. Itoh, Marubeni Corporation and Nissho-Iwai.

# Caffyns faces much heavier interest costs

The current year has started well for Caffyns. Sales for the first two months are up about a third, or by 20 per cent if the new branches are excluded, Sir Edward Caffyn, the chairman, reports.

However, he warns members that the company's faces a con- siderable increase in bank interest charges because of the recent rises in the base rate and with the group's higher bank borrow- ings. At the end of 1977-78 bank overdraft was more than doubled to £573,173 (£226,031) and a £750,000 bank loan had been raised. Interest payments on all loans amounted to £162,700 (£69,643).

In addition the company's con- tributions to the staff pension scheme will increase and during the second half it will have to meet the surcharge on national insurance contributions.

Because of the political un- certainties Mr. Caffyn says it is difficult to forecast the longer term outlook.

Pre-tax profit for the year to March 31, 1978, advanced to £1.08m (£900,957) on sales of £38.36m (£29.48m)—as reported June 17. The net total dividend is raised to 6.4p (5.75p) per 50p share and a scrip issue of pre- ference shares is proposed.

On a current cost basis on the Hyde guidelines profit is reduced to £675,348 by extra costs of sales of £636,738 and depreciation of £51,308 less a gearing adjustment of £281,342.

The net inflow of funds during the year amounted to £1.08m (£330,469) and capital commit- ments at year end totalled £163,300 (£9,500) of which £138,900 (nil) had been authorised but not contracted.

In September the group acquired premises in the South with franchises for Fiat, Mercedes Benz and Alfa Romeo. Sales of these branches reached £2.8m in just over six months end they are now expected to begin con- tributing to the success of the group, Mr. Caffyn says.

Throughout the year supplies of new cars from BL were erratic and inadequate. Even so, these sales rose 32 per cent and there has been an improvement in supplies over the last few months.

In the current year many of the group's branches will benefit from the change in the franchising policy and will acquire the Rover-Triumph franchise.

Although the Rollse-Royce division also suffered supply problems it made a significant contribution to profits and with seven more branches opening self-drive department's the self- hire division revenue nearly doubled.

Meeting, Eastbourne, on July 27 at 3 pm.

# Growth for Dartmouth Inv.

The major part of Dartmouth Investments capital investment programme has been generally completed and with only ACT pay- able, a year of consolidation and positive cash flow is in prospect, Mr. D. C. Hathaway, chairman, says in his annual report.

As announced on July 5, the group Birmingham-based heating engineer, is also raising £461,615 by way of a one-for-three rights issue of 5p shares at 15p a share. The broader equity base resulting from the issue will give greater flexibility when considering fur- ther expansion opportunities.

For the year ended March 31, 1978, pre-tax profits rose sharply from £255,643 to £505,518 on sales of £8.1m (£4.39m). The accounts also show an £11,697 ex gratia payment to a former director.

The directors have budgeted for sales of around £10m in the cur- rent year and an increase in net income. They also intend to pay dividends of 1.25p net on in- creased capital compared with 0.8p last time.

The state of the group finances reflects where it was expected and planned to be at March 31, 1978, says the chairman. The reduction of the deferred liabilities relating to H. Miller Investments was effected during the year. This, coupled with a year of further investment of £0.4m in new plant and tooling and a significant increase in the working capital requirement to fund the expan- sion of sales took borrowings in the year from £0.628m to £0.848m.

The group throughout the year operated comfortably within its negotiated banking facility and the flexibility provided by these arrangements has made a sub- substantial contribution to growth and profitability.

On the Miller side substantial sums have been spent on compen- sations, long-term contract remedial work, and property demolition. This expenditure was provided for in last year's accounts but has affected this year's cash flow. The prudence of the view taken at the time of acquisition has been justified by events and the reserves fully utilised, says Mr. Hathaway.



# Price rise forces Ferranti shares to be withdrawn

THE FACILITY to allow dealings in Ferranti shares on the Stock Exchange under rule 163 (2) was withdrawn yesterday following the recent sharp rise in their price.

When removed from trading the shares stood at 470p, a gain of 100p on last Wednesday's close. The price had already more than doubled in the previous few months.

A statement on behalf of Ferranti says that following dis- cussions with the company, its brokers and the Stock Exchange, it was decided the facility should be withdrawn until the ordinary shares join the official list follow- ing the publication of Ferranti's prospectus.

This will contain details of the plans by the National Enterprise Board to sell half its holding of the non-voting shares together with a dividend forecast for the current year. The listing is expected to take place in Septem- ber.

For the March 31 year just ended a maximum permitted dividend of 4.356p net was paid after a jump in pre-tax profit from £6.14m to £9.12m.

However Mr. S. Z. de Ferranti, the chairman, points out in his annual statement that upon list- ing it will be free of dividend restrictions for two years. The dividend absorbed £464,000 of the £5.78m profit available last year.

Demand for Ferranti shares has been buoyed by the NEB's pro- posed sale, which will be in a form rather like a one-for-three rights issue to other existing shareholders. The issue price is based on a formula which would give an issue price of £2.35 based on yesterday's close.

The formal documentation for the listing is under preparation and Mr. de Ferranti expects to give further information at the AGM.

The NEB will retain its 50 per cent holding in the voting shares.

Mr. de Ferranti says the work in hand and the activity level at the year end give directors con- fidence that sales will be further increased in the current year.

Overseas sales contributed significantly last year and parti- cular emphasis was devoted to strengthening the company's posi- tion in Europe and North America.

The purchase of Interdesign, Inc. of California, will provide a base for the sale in the U.S. of the Ferranti products comple- mentary to Interdesign's special integrated linear circuits. The small power transformer factory established in Canada which is now in production on schedule will help sales in this market, he says.

Also, joint venture companies set up with leading U.S. offshore oil production industry companies will provide international opport- unites to exploit Ferranti's tech- nology.

In the UK, Ferranti Engineering made progress in its first full year in improving the traditional power transformer business despite diffi- cult world market conditions. The company made a profit after re- organisation costs.

Defence equipment business continues to provide a major con- tribution to total turnover and production orders for existing projects are providing more work. Development contracts with good future potential have also been won by the Scottish and instru- mentation groups.

At balance date fixed assets were £15.86m (£17.54m), and net current assets £53.07m compared with £33.86m previously. Term loans advanced from £8.2m to £23.69m following the repayment of an NEB loan and the establish- ment of new medium term fund- ing arrangements with a con- sortium of banks headed by Chase Manhattan. A £12.4m surplus on property revaluation has not been included in accounts.

A current cost statement shows the profit reduced to £4.65m by additional depreciation of £2.08m and cost of sales of £4.12m, offset by a £1.72m gearing adjustment.

Meeting, Millbank Tower, London, July 26 at 12.15 pm.

# Deficit for Glanfield Lawrence

ALTHOUGH TURNOVER rose from £4.16m to £4.25m there was a £23,000 turnround to a £15,000 pre-tax loss at Glanfield Lawrence in the April 2, 1978 half year.

Directors say that while com- petition continues to be intense, sales and profits are now follow- ing a similar pattern to last year and despite the disappointing start—which was mainly owing to a poor result at one of its bigger branches and a shortage of some popular vehicles—they expect the full year's result to exceed last year's £86,000.

Mainly owing to the sale at a surplus of its Stanton property available profit is ahead from £1,000 to £18,000 after a tax credit of £3,000 (£1,000 charge) and extraordinary profits of £25,000 (£6,000 debt).

The company does not pay interim dividends and last year's single payment was 1.25p net per 25p share.

Directors say the merger of the Burton and Stanton operation is now showing benefits from re- duced operating expenses, and the hire purchase companies and importation companies continue to make an increasing and im- portant contribution to earnings.

Also Vauxhall and Bedford—which comprise the major manu- facturer represented in the group—are steadily improving their market penetration and a con- tinued upturn in sales is expected throughout the year, especially in the fleet sector.

Holders of £35,716 of 8 per cent convertible unsecured loan stock exercised their right to convert to fully paid "B" ordinary shares in the period under review.

# Woodhead concerned by imports

IN THE first few weeks of trading in the current year at Jonas Woodhead there has been no evidence of any favourable movement in customer schedules and there are two predominant concerns, Mr. E. S. Simpson, the chairman, says in his annual statement.

The concerns are the increasing imports of cars and commercial vehicles and the level of disputes and stoppages within the vehicle sector. Against this background it is difficult to forecast future performance, he says.

Meanwhile, the spring, shock absorbers, etc., group plans further organic growth and expansion.

As previously reported pre-tax profit to March 31, 1978, advanced from £4.58m to £4.05m. A current cost statement shows this reduced to £3.7m by additional deprecia- tion of £0.78m and cost of sales of £0.67m, offset by a £0.2m gear- ing adjustment.

Meeting, Leeds, July 28, at 2.30 pm.

# Foster Bros ahead of sales targets

Mr. H. G. High, chairman of Foster Brothers Clothing Com- pany, told shareholders at the AGM that negotiations for a further addition to the toiletries and cosmetics division were at an advanced stage.

Mr. High said: "Our prospects for trading and profitability have never been better; turnover for the first four months continues to be extremely buoyant and ambi- tious sales targets are being appreciably exceeded."

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

### Upsurge in gaming profits continues

By David Lascelles

NEW YORK, July 5.

THE BOOM in gambling shares on Wall Street may be over, but the boom in the companies' profits continue.

Resorts International, which opened the country's first gaming casino outside the state of Nevada in Atlantic City, New Jersey, in May, today published operating statistics for the month of June which shows a steady increase in revenue.

The net "win"—the phrase used to describe takings at the gaming tables and slot machines before operating costs — amounted to just over $16m. This works out at a daily average of $534,627, or nearly 22 per cent more than the $438,504 netted by the casino in the six days of operation in May, which included the hectic opening ceremony and the Memorial Day holiday week-end.

Of the June total, $7.2m came from the slot machines and $8.8m from the gaming tables, reflecting the high popularity of the slot machines.

Few people now doubt that Atlantic City has an important future as a gambling resort—provided the state can regulate it effectively.

### Inland Steel expecting record second quarter

CHICAGO, July 5.

THE CHAIRMAN of Inland Steel, Mr. Frederick G. Jaicks, said he expects 1978 earnings to rise to at least $5.40 a primary share, compared with last year's $4.23.

Mr. Jaicks said in an interview that earnings for Inland could be even higher if the company maintains the first half's high productivity.

Second quarter earnings would be higher than 1977's record of $1.97 a share, although he declined to say by how much.

Inland will have a second quarter shipment record of 1.6m tons or better, he added.

Third quarter bookings have continued in the past few weeks at a very high level, and Inland should be operating at over 90 per cent of capacity through the third quarter.

Shipments for 1978 should be operating at over 90 per cent of capacity through the third quarter, and should be very close to the record 6.1m tons shipped in 1974. The company expects the traditional second half industry fall-off to be less than last year.

Inland is sticking to its total industry shipment forecast of 97m tons in 1978, with 49m tons in the first half and 48m tons in the second. Last year, the industry shipped 91.1m tons.

The 9.6 per cent average total steel price increases announced so far this year should come close to offsetting increased costs.

The industry might need another price increase this year, since it is operating on poor margins that could be affected by uncertain economic factors. But Mr. Jaiks was not forecasting another price increase.

He was disappointed that foreign steel imports in May totalled 1.5m tons. Inland had expected about 1.1m tons.

May was considered the first telltale month for the trigger price mechanism, although it will probably take until the end of the year to judge the success of the system.

The high 9.4m ton level of imports through May compared to 6.2m tons last year has caused some industry observers to speculate there is as much as 3m to 4m tons of unconsigned foreign steel sitting on the dockside that could affect domestic production when it surfaces in the market.

But Mr. Jaiks said the unconsigned foreign steel will not be detrimental to Inland since it is projecting such high volume.

He doubts whether the imports will have a price lowering effect.

Reuter

### Earnings move higher at Fluor

LOS ANGELES, July 5.

FLUOR CORPORATION earnings for the third quarter ending July 31 will be fairly strong compared with the $1.21 a share last year, the chairman, Mr. J. Robert Fluor said.

He expects higher earnings in the fourth quarter that would lift earnings above the $4.48 a share in fiscal 1977.

Analysts' estimates putting 1978 net at $4.75 a share were "a little generous" and he put earnings at between $4.48 and $4.75 a share.

Earnings this year would have been around $5 a share if it were not for the coal strike which affected Peabody Coal, in which it has a 10 per cent holding.

Losses at Peabody will cost Fluor about 50 cents a share in fiscal 1978.

For the first half, Fluor earned $1.87 a share, down from $2.12 in the same year ago period. Peabody Coal reduced its first half net by 47 cents a share.

Improvement in the second half is expected to come from increased revenues from major projects in Saudi Arabia and South Africa which should continue to benefit the company throughout 1979.

Mr. Fluor did not know when the company would be able to begin work in the $4bn Alaskan segment of the North Slope gas pipeline. The project still requires financing, he noted.

For fiscal 1978, revenues should be up about ten per cent from the $2bn last year.

Pre-tax earnings this year from engineering and construction operations, Fluor's largest business, will be the same as or slightly less than the $130.4m in 1977.

The results reflect a past period of slack orders, but the group expects to recover in fiscal 1979.

The company's Daniel International division, acquired in May 1977, will make a good contribution to 1978 earnings.

Daniel should have pre-tax earnings of above $20m compared with $9.4m for five months last year.

The company expects to have a good year in fiscal 1979 but Mr. Fluor made no specific forecast.

The directors will take a look at a possible dividend increase in December. In December of last year Fluor raised its quarterly dividend to 30 cents a share from 25 cents.

Reuter.

### Amendment to leases rule

STAMFORD, July 5.

THE FINANCIAL Accounting Standards Board (FASB) has issued an amendment of its statement FASB 13 "Accounting for leases.' The new statement, FASB 22, deals with revisions to lease agreements resulting from refundings of tax-exempt debt.

In response to a request to reconcile an apparent inconsistency between FASB 13 and Accounting Principles Board Opinion No. 26 on the early extinguishment of debt, the FASB has amended its statement to make it compatible with the Accounting Principles Board Opinion on changes to a lease agreement resulting from a refunding of tax-exempt debt. Gains or losses from such changes in lease agreements will henceforth be recognised when they occur, rather than over the remaining term of the lease as called for by the original FASB statement.

The statement FASB 22 is effective for revisions of lease agreements entered into on or after July 1, 1978.

AP-DJ

### Judge rules on U.S. Steel, Lukens

WASHINGTON, July 5

A Federal District Court Judge has ruled that U.S. Steel Corporation and Lukens Steel did not repeat not violate a 1951 Federal Trade Commission consent order barring them from fixing prices, the FTC said.

The opinion by Judge Oliver Gasch rejected charges by the FTC in a 1974 lawsuit that the companies had "engaged in a common course of action" to fix prices of alloy steel which is used primarily in the hulls of navy ships.

U.S. Steel and Lukens Steel had also been accused by the FTC of agreeing to fix prices with Newport News Shipbuilding Dry Dock a Tenneco unit which was not named as a defendant because it was not a party to the 1951 order. An FTC spokesman said the staff is considering an appeal of the ruling but no decision has been made.

A Lukens Steel spokesman declined comment on the ruling.

Lukens Steel yesterday announced net earnings for the second quarter of $1.80 a share are compared with $1.64 previously. Total net increased to $4.6m from $4.3m. Sales $71.3m compared with $64.4m.

Agencies

### Ashland Oil may sell Canadian unit

By Robert Gibbens

MONTREAL, July 5.

ASHLAND OIL confirmed in New York that it may sell its 84 per cent ownership interest in Ashland Oil Canada Ltd., of Calgary. "Serious expressions of interest have been made," "Ashland said, and "discussions are being conducted to evaluate the nature and extent" of this interest.

Reuter adds from Ashland, Kentucky: Ashland oil has previously said that it was considering the disposition of its Canadian subsidiary.

Ashland Oil Canada's stock yesterday rose C$1 to C$23¼ on 35,000 shares on the Toronto Stock Exchange before trading was halted.

### Bow Valley coal rights

Bow Valley Industries, through U.S. subsidiary Flying Diamond Corporation, has acquired coal mining rights under 2,800 acres in Barlan City, Kentucky, reports our Montreal correspondent. They are adjacent to further reserves already being mined by another Bow Valley U.S. subsidiary.

### Cadillac Fairview

Cadillac Fairview Corporation, in which the Samuel Bronfman family of Montreal has a major interest, plans to buy, through a wholly-owned U.S. subsidiary, all the shares of General Homes Consolidated Companies, Houston, for US$24m in cash and notes. The American company's earnings are projected at $4.5m this year on sales of about $94m, writes Robert Gibbens.

Cadillac Fairview, one of the two largest Canadian publicly quoted realty development companies, has been expanding in the western U.S. in the past two years. The U.S. company is a residential development firm.

### World Bank borrowing

FRANKFURT, July 5.

THE World Bank does not plan any dollar borrowing in fiscal 1978-79, even though it borrowed some $1.3bn in 1977-78, Mr. Eugene H. Rotberg, vice-president and treasurer of the bank has said.

Mr. Rotberg said wide interest differentials between currencies, and the potential revaluations they pose, had moved the bank to decide that it would prefer not to borrow dollars at this time.

Mr. Rotberg said that in fiscal 1979, which started on July 1, World Bank borrowings would amount to the equivalent of about $4.3bn, slightly up from the $4.2bn the previous fiscal year.

However, the allotment of the borrowing differs drastically from fiscal 1977. In fiscal 1978, rollover financing will account for some $1.3bn, and the other $3bn will be devided equally between Swiss francs, Deutsche-Marks and Japanese yen, Mr. Rotberg said.

In comparison, the World Bank borrowed some $1.3bn in fiscal 1977, which amounted to more than one fourth of its $4.2bn total. The equivalent of some $1.2bn was borrowed in Deutsche-Marks, the equivalent of only $500m in Swiss francs and only $300m in Japanese yen, Mr. Rotberg said.

He said that the interest rate differential on long-term funds was 5 per cent between the dollar and the Swiss franc, 3.25 per cent between the dollar and the Deutsche Mark, and 3 per cent between the dollar and the yen.

"Those differentials are just too wide for us to borrow dollars," Mr. Rotberk said, adding that World Bank figures showed a potential 79 per cent revaluation of the Swiss franc over a 15-year term. "We don't take currency risks," he said.

AP-DJ

### South Africa considering syndicated Euroloan

BY MARTIN DICKSON

THE South African Government might go to the international capital markets for a new borrowing during the next few months if it decides this is advisable, Senator Owen Horwood, the country's Finance Minister, said in London yesterday.

He did not envisage any fresh borrowing being a public issue, but said he had in mind the possibility of a syndicated loan from a few institutions or a private placement. He told a news conference that he had not yet given thought to the sum that might be sough.

The Finance Minister stressed that the Government did not need to go to the market for balance of payments purposes. The country had now sorted out its balance of payments difficulties and figures for the first four months of this year suggested that the current account surplus for 1978 might approach R1bn.

However, he said some of South Africa's advisors had suggested that a new borrowing could be advisable from a longer-term development point of view. "Overall sentiment in the caital markets has improved for South Africa in recent months," he added.

Mr. Horwood, who is on a tour of European financial centres, said he had not come here to raise finance but for more general discussions.

The last major publicly known international borrowing by the South African Government, as opposed to public corporations in the Republic, took place in 1976 when the Government floated a $25m bond issue and later secured a $110m syndicated credit.

Answering questions, Senator Horwood dismissed suggestions that South Africa would face a serious debt repayment hump in the early 1980s. The country would take its commitments in its stride, he said.

● Mary Campbell adds: It is understood that Senator Horwood has had several discussions with bankers during his European trip, as he did last year without any concrete result in terms of a government borrowing. Bankers are generally less sensitive on the subject now than a year ago but many of the leading names in the international syndicated lending market may be expected to hold off participating in any loan.

Several of the leading U.S. banks in the past made it clear that they are not lending to the South African government or public sector entities.

Given the fact that new loan syndicated among more than a very small number of banks would certainly leak out, it can be assumed that no banks sensitive to public pressure against South African lending would join in.

At the same time, South Africa is now rated a much more serious credit risk than was the case in 1976 with the result that banks generally have cut their ceilings on lending to the country. Several continental bankers commented yesterday that they were reserving their available South African lending capacity for export finance deals. According to some reports, banks in some countries have been instructed by their authorities to restrict their South African lending in this way.

One U.S. banker yesterday said that any syndicated loan to South Africa would likely have to be provided by German or Swiss banks. These countries, and most notably Germany, are the only two where effective public deals have been arranged for South African borrowers in the last few months. The reception for Deutsch Mark placements by South African borrowers has improved considerably in recent months.

### Strong progress at Dornier

BY ADRIAN DICKS

BONN, July 5.

DORNIER, the West German privately-owned aerospace company, has announced an increase in sales of DM 214m to DM 722m for 1977. Operating profits increased to DM 19.8m from DM 16.1m, a rise of 23 per cent.

The main development for Dornier has been the build-up towards full production of the Alpha jet close-air support and trainer aircraft, which Dornier has been working on jointly with the French Dassault-Breguet group. Production of the aircraft is being stepped up to a peak which will be reached in late 1979, in order to meet outstanding orders for some 300 Alpha jets for the West German, French and Belgian air forces as well as for a number of other export customers including Morocco, Togo and the Ivory Coast.

On the civil side, Dornier's skyservant continued to provide the company with good business, with a total of over 200 aircraft now completed and delivered.

For the future Dornier is expecting both these aircraft programmes to give it plenty of work. In addition, it is expanding non-aerospace activities in such fields as nuclear power control technology, solar engineering, sea water evaporation and recovery of metals from waste, as well as mechanical engineering and medical technology.

Still undecided is the fate of the European airborne warning and control system (AWACS) for which Boeing has confirmed that Dornier will act as main contractor if a final go-ahead is given by NATO governments.

Meanwhile, Dornier has repeatedly made clear that it does not wish to get caught up in the increasingly complex restructuring of the West German aerospace industry being carried out under pressure from the Bonn government.

The company is well placed to resist official pressures for, as it is proud to point out, it has secured a substantial multi-year order book without having to rely on more than nominal sums in state aid—all of which has been paid back.

### Kockums secures order

BY WILLIAM DULLFORCE

STOCKHOLM, July 5.

KOCKUMS, the Malmoe group operating the last major Swedish shipyard in private control, has won an order for three floating cement-handling terminals from Libexim, a trading company registered in Panama. Only last week the hard-pressed shipbuilder withdrew redundancy notices for 900 workers after receiving an order to build a third roll on/roll off vessel.

Mr. Olafur Sigurdsson, the managing director, said the cement terminals were the first big "alternative production" job secured for the shipyard. The price is not being revealed but, as all three terminals are scheduled to be completed by the end of the year, they are likely to bring only temporary relief to Kockums' financial and employment situations.

The terminals are of a novel design intended to facilitate cement handling for new harbour projects or for major construction jobs in developing countries. They are relatively simple structures of 16,000 dwt, 124 metres long, 22.8 metres wide and with a draught of 12.8 metres. They have no propulsion machinery but will carry a diesel engine to provide power for the cement handling equipment.

Last month Kockums obtained a SKr 340m ($74m) state loan and arrranged a $200m credit facility, guaranteed by the state, to finance the LNG carriers it is building on its own account. It still has to find a buyer for these vessels.

### Veba confirms sharp recovery this year

By Our Financial Staff

DUESSELDORF, July 5

EARNINGS OF VEBA, the West German national energy concern, improved during the first five months of 1978, following a sharp slide in 1977 to DM 70m ($34m) from DM 225m on barely changed turnover of DM 27.4bn.

Vega, 44 per cent owned by the German Government, reported that considerably higher profits were achieved in some divisions although losses are being made on oil and chemical activities.

The company repeated its forecast, made when announcing the DM 800m sale of refinery, gas and mrketing interests to BP, that this year's overall result should be a good deal better than that of 1977.

Rationalisation and restructuring measures, together with lower refined oil prices, should allow losses in the oil sector to be well below last year's.

Structural problems persist however, and a rise in prices for all products remains necessary to bring about a return to financial health in this sector.

Electricity will make a substantial contribution to group profit this year, helped by the imminent operation of the Unterweser nuclear power station and the rise in electricity prices last year.

In the chemical sector, the company expects a positive, but not a satisfactory result, because no market revival is expected before the autumn.

### Pop group earns $11m

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, July 5.

ABBA, the Swedish "pop group," reports earnings of SKr 50m (almost $11m) on a SKr 88m turnover for the year ended April 30.

Earnings were up by SKr 3m and sales by SKr 8m. Since the four Swedish singers won the European song contest in 1974, their company has sold records to a value of SKr 227m.

ABBA's main company is Polar Music, which is owned half by the four singers and half by their manager, Mr. Stig Andersson. A similar ownership pattern applies to Polar Music International, the investment company through which ABBA places its income.

Last year ABBA invested SKr 30m in a large Stockholm property and formed, together with Beijerinvest, the industrial and trading group, Sannes Trading, a company designed to convert ABBA's large Rouble income in the Soviet Union into hard currency through trade deals.

Three-quarters of last year's turnover arose outside Sweden and ABBA is currently investing SKr 2.5m in an attempt to break into the U.S. market. It also has plans to extend sales in Japan.

## AUSTRIAN COMPANY NEWS

### Lower profits hit brewery payout

BY PAUL LENDVAI

VIENNA, July 5.

BRAU AG, a leading Austrian brewery, is reducing its dividend for 1977 from 12 per cent to 10 per cent. Turnover last year rose by 3.6 per cent to Sch.1.6bn, but net profit was down from Sch.37.4m to Sch.31.1m ($2.1m).

Concerning the projected merger with Schwechater, another major brewery, the Board said this had been virtually completed through the merger of the respective holding companies last year. It was only certain "legal problems" which had led to the postponement of a formal decision. It is understood, however, that the evaluation of the assets is still at issue and the fact that the takeover price also affects Austria's largest bank, Creditanstalt Bankverein, which has a minority interest in Schwechater. But Brau AG gave notice that production staff at Schwechater will have to be reduced from 1,400 to 1,200 or even less during the next 18 months.

Brau AG has a market share of 26 per cent of the domestic brewery output and 12.3 per cent of beer exports. Following the merger, the company will redeploy its capacity, concentrating for example in Linz on the production of non-alcoholic drinks.

Last year, Brau AG managed to increase total output by 1.8 per cent to 2.65m hectolitres, with brewery output up by 1.8 per cent to 2.05m hectolitres. This was still slightly over the average Austrian growth rate of 1 per cent. For non-alcoholic drinks a record output of 400,000 hectolitres was achieved last year.

Turning to imports, the Board expressed satisfaction that lower purchases of foreign beers had caused domestic brewery output in the first quarter this year to rise by 3 per cent. During January-April this year, beer imports were down by 23 per cent to 101,000 hectolitres, while Austrian exports rose by 34 per cent to 62,000 hectolitres.

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Treibacher, the Austrian chemical company, is reducing its dividend from 18 per cent (including a bonus of 8 per cent) to 11 per cent for 1977 on apital inreased to Sh 160m from Sh 140m. The company has been hit by the drop in the value of the dollar, because it exports 79 per cent of its output with about 70 per cent of sales invoiced in dollars, the Board said.

With investments likely to total Sch 260m, the company seeks in the next 18 months to expand its raw material bases partly through recycling. At present, it has to purchase four-fifths of its raw materials overseas. The effects of the dollar crisis have been made worse by the steel depression. Nevertheless, the company managed to increase its turnover last year by 26 per cent to Sch 2.7bn, altough this growth was primarily due to higher prices.

Profits dropped from Sch 26m to Sch 18m last year. The company invested Sch 133m in 1977, the highest figure so far with 67 per cent f this spending financed from cash flow. Turnover during hte first five months of 1978 was up by 5 per cent to Sch 106bn and the Board reckons with a "substantial improvement" during the second half of the year.

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SGP, the Austrian heavy engineering and rolling stock producer, is maintaining its dividend at 6 per cent for 1977, although turnover dropped by 8 per cent to Sch 2.5bn. Sales this year are expected to reach Sch 3bn. The board added that the fall in last year's turnover was due to the fact that payments for certain major projects will only appear in the accounts this year. Total orders at the end of 1977 were Sch 6.4bn, with foreign orders accounting for Sch 3.1bn.

SGP is one of the few Austrian nationalised companies transferring a dividend to OIAG, the holding company for the nationalised sector. Investments last year were up from Sch 194m to Sch 256m. The rolling stock sector accounted for 67 per cent of last year's production by value. Particularly high growth rates were recorded in turbine and boiler manufacture. The orderbook was up to Sch 7bn by mid 1978, the board revealed.

* * *

Wertheim, the Austrian engineering company, is increasing its dividend from 8 per cent to 10 per cent and paying a 3 per cent bonus for 1977. The expansion in banks' branch office networks gave a push to sales in safety installations which offset a slight drop in orders for lifts. Turnover last year rose by 25 per cent to Sch 650m. Increasing orders totalled Sch 520m and the order book at the end of 1977 was worth Sch 595m.

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Veitscher Magnesite AG has cut its dividend by 4 per cent to 10 per cent for 1977. Both turnover and earnings were down last year. As recently as 1975, the company was still paying a 22 per cent dividend, including a 10 per cent bonus. Production in all sectors has had to be reduced, while labour costs were up by 1.3 per cent, operating profits dropped from Sch 64m to Sch 44m, and cash flow from Sch 389m to Sch 345m.

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Anker Insurance Company is increasing its dividend by 1 per cent to 9 per cent for 1977 and announces a rise in capital from Sch 25m to Sch 35m. The majority interest in the company is held by Swiss shareholders. Premium revenues last year were up 12.9 per cent to Sch645m

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Aerospatiale losses reduced following sharp exports rise

BY DAVID WHITE

PARIS, July 5.

THE COMMERCIAL success of the European airbus helped the French state-owned aerospace company, Societe Nationale Industrielle Aerospatiale, to reduce its losses by 28 per cent to Fr 447m ($100m) last year from the Fr 621m record deficit of 1976.

Aerospatiale, the French Concorde partner, has now made losses for six consecutive years, totalling over Fr 2.4bn since 1972.

The company said last year's loss was mainly due to aircraft production, which makes up just under a third of its turnover, the remainder being taken up by helicopters, tactical missiles and ballistics.

Overall sales last year were 6 per cent up at Fr 9.5bn, of which the aircraft sector accounted for Fr 3.1bn.

Apart from the airbus, produced by a consortium in which Aerospatiale is associated with the British, West German, Dutch and Spanish aerospace industries, the company's exports increased their share of total turnover last year from 30 to 40 per cent.

This trend is likely to be reinforced this year, especially if fresh orders for the airbus are taken into account. The airbus scored its biggest breakthrough three months ago with Eastern Airlines' order for 23 aircraft, worth nearly $800m and expected to prompt other North American airlines to follow suit.

But the company warned that the development of export markets made it "more vulnerable to the world economic, commercial and political situation, in a market where competition from U.S. constructors is all the more formidable since they have up to now benefited from a dominant position, close to being a quasi-monopoly in civil aircraft."

## Marcel Boussac selling newspaper interests

BY OUR OWN CORRESPONDENT

PARIS, July 5.

STILL FIGHTING off bankruptcy for his textile empire, M. Marcel Boussac reached agreement to-day on the sale of his newspaper interests, according to the Paris evening newspaper Le Monde.

The identity of the purchasers and the terms of the deal were, however, being kept secret until tomorrow. The purchasers are believed to include private banks and food and drink interests, the name most widely mentioned being M. Pierre Taittinger of the Taittinger Champagne family.

Sir James Goldsmith's French food company Generale Occidentale firmly denied any part in the deal. Sir James had previously been rumoured to be interested, following his recent purchase of majority control in the weekly magazine L'Express.

The Boussac newspapers, the right-wing daily L'Aurore and the weekly horse-racing publication Paris-Turf, have been unofficially valued at about Frs 100m ($22m)

M. Boussac bought control of L'Aurore, which had been refounded during the German occupation, in 1952. The newspaper, a bastion of anti-Communism with a daily circulation of 280,000 last year, was seen as something of a trump card in M. Boussac's manoeuvring with the Government over the future of his troubled textile factories.

Sale of the newspaper has been under discussion since the middle of last year, one of the early runners being M. Boussac's fellow octogenarian business magnate, M. Marcel Dassault, the aircraft manufacturer.

According to the Le Monde report, the final stages of discussions for sale of the newspapers—of which Paris-Turf, with a circulation of 150,000, is the more profitable — were marked by disagreement among the Boussac group's creditor banks about how the proceeds should be used.

The newspapers are among the non-textile interests which are effectively in hock to the banks.

The 89-year-old businessman's offer to sell them and other items including his champion racehorse Acamas, valued at FFr 20m or more, was recently turned down by the banks, which refused to renounce their claims on these assets, used as security against loans.

The Cartier jewellery group is known to be interested in purchasing the most valuable of M. Boussac's sidelines, the Christian Dior fashion business (not the perfume business, which is controlled by the Moet-Hennessy champagne and cognac group). Christian Dior Couture is valued at anything between FFr 300m and FFr 1.5bn.

## Longer UK loan maturity

BY JOHN EVANS

THE BANK O ENGLAND has now completed arrangements for restructuring the whole of Britain's $1.5bn syndicated Eurocurrency loan. The key elements of the new arrangements are a four-year extension of the average maturity of the original seven-year loan and a reduction in the interest rate margin to ¾ per cent over interbank rates.

However, there has been resistance to the lower interest terms among some banks.

Chemical Bank and Morgan Guaranty Trust have dropped out of the 14-bank management group for the loan, and their original participations will now be repaid. The shares held by these two banks have been taken up by the Bank of Tokyo and Canadian Imperial Bank of Commerce, which have increased their participations to leave the original loan amount intact, according to a Treasury announcement yesterday.

In addition, it is understood that a small number of other North American banks which had been in the loan originally are not participating in the restructuring. Their share is also being taken up by other members of the group.

The amount of "topping up" finance from Bank of Tokyo and Canadian Imperial is nevertheless believed to be fairly small in relation to the overall $1.5bn. Bankers Trust is the co-ordinating bank for all the non-European institutions in the new facility.

The rearranged $1.5bn marks an important step in the Government's programme of foreign debt management, which is particularly aimed at smoothing out the peak period for maturing loans in the early 1980s. The new maturity means the repayment period is extended to 1985-88, while the ¾ per cent margin now payable compared with the ⅞ and 1 per cent on the old facility, arranged in February, 1977.

INTERNATIONAL CAPITAL MARKETS

## Japanese hedge in Saudi riyal

By Yoko Shibata

TOKYO, July 5.

JAPANESE companies exporting to the Middle East have begun to raise loans in Saudi riyals, in order to hedge against exchange risks caused by the sharp rise in the yen in the foreign exchange market.

Hitachi Shipbuilding and Engineering Company has arranged to borrow 3m to 7m riyals in July. The company, as the first Japanese borrower of Saudi riyal loans, has recently won orders for a desalination plant and a floating pier from Saudi Arabia.

Hitachi is typical of Japanese plant exporters to the Middle East, who are exposed to substantial exchange losses on their plant exports, since most of their exports are denominated in Saudi riyals. However the riyal long term credits (deferred export payments) involved can be offset by riyal liabilities through foreign currency borrowing (the so-called impact loans). The Saudi riyal has fallen by 10 per cent against the yen since the turn of this year.

According to Hitachi, the Saudi riyal loans are likely to carry interest rates at around 6 per cent to 6.5 per cent, or 3 or more percentage points below the comparable Eurodollar rate, for three to five years.

Niigita Engineering Company has announced that it is negotiating with Chase Manhattan Bank to borrow a total of 17m Saudi riyals, in several instalments between July and September. It is implementing contracts to supply Saudi Arabia with an airport fuel supply system and pipeline.

Some 52m Saudi riyals of borrowing is planned by Mitsubishi Electric.

The Ministry of Finance removed the ceiling on impact loans in April, in view of the exchange losses incurred by Japanese exporters. The Ministry is understood to have been advising Japanese export-oriented companies to vary the foreign currency base of their impact loans.

## Cheung Kong HK$70m sale

By Ron Richardson

HONG KONG, July 5.

CHEUNG KONG (Holdings), one of the largest property companies in Hong Kong, has sold its 90 per cent stake in the Bali Hyatt Hotel in Indonesia for HK$ 70m.

The property company gained control of the Bali Hotel about a year ago when it took over the Hong Kong-based Wynncor for HK$ 230m. The main asset acquired in the deal was ownership of the Hong Kong Hilton Hotel, which is still holds.

In Cheung Kong's annual report for 1977, Wynncor was said to have assets worth HK$ 274m, while the Hong Kong Hilton was valued at HK$ 221m, placing a book value of HK$ 53m on the Bali Hyatt.

The purchaser of the Bali Hyatt is Far East Organisation, a private company owned by the same interests as the Hong Kong-listed Far East Consortium. The consideration for the sale is HK$ 25m in cash and the transfer to Far East Organisation of a HK$ 45m bank loan outstanding to Cheung Kong (Holdings).

The sale represents a timely injection of liquidity into the property company, which is presently undertaking a number of large-scale investments, including the construction of major office blocks above the two central Hong Kong underground stations of the Mass Transit railway. These two projects, which are being undertaken in partnership with the Mass Transit Railway Corporation, involve the construction of about 1.4m square feet of office and commercial floor space.

## Upgrading the Arab role

BY RAMI G. KHOURI IN AMMAN

**A three day conference in Amman last week, attended by 20 central bank governors, discussed Arab participation in international capital markets. The meeting promises to become an annual event**

ARAB COUNTRIES aim to become intermediaries in international capital markets, and not merely suppliers of capital. The process of achieving this started at a three-day conference in Amman last week, attended by 20 central bank governors and representatives from every Arab country except Oman. The conference was charged with discussing the specific topic of creating a more or less unified and integrated Arab capital market, transcending national frontiers throughout the Arab world. The Jordan central bank Governor, Dr. Said Nabulsi, who chaired the meeting, said here that the drafting of a unified code of investment to be applied in the Arab world was high priority in the conference's follow-up stage, as this was needed to "revitalise the receiving end" of Arab capital flows by encouraging and facilitating the flow of money on the private level among different Arab states.

Such a code would include promotion of investment incentives, such as tax holidays and exemptions, as well as "a sort of contractual agreement on minimal guarantees against commercial and non-commercial risks."

But Dr. Nabulsi emphasised that the "natural cautiousness of capital" will mean that the surplus oil producers will want to be very sure of the confidence and strength of Arab markets before they switch any of their surplus funds from other international centres back into the Arab banking system.

He said that there was a general desire among the central bankers at last week's meeting to see more recycling of petrodollars by way of Arab banks and consortia banks with Arab partners outside the Arab world.

One suggestion that is being considered, Dr. Nabulsi revealed, is for the establishment of some sort of "permanent or standing syndicate" of Arab bank branches abroad and consortia banks with Arab shareholdings. This would be more effective, he thought, than the present system of ad hoc co-operation on individual loan syndications.

"We want to see how we can promote, enhance and integrate the individual capital and financial markets of the Arab states into one market without barriers on the pan-Arab level," Dr. Nabulsi said. "But such a process is very wide in its scope and has many facets to it, including the adequacy of existing commercial banking systems, investment companies, stock exchanges, the free flow of capital and repatriation of profits among Arab states, the use of sophisticated financial instruments, the ability to undertake feasibility studies to identify good investments, the easy movement of money to facilitate trade and the activities of banks and development authorities in providing development assistance to deficit countries."

The central bankers were working on the concept of "an Arab economic citizenship," which would have any and all Arab investors treated on an equal basis in all Arab states. The Arab League is already working on a draft investment promotion and protection code which might be applied on a regional basis, and which would probably be different from similar codes which Arab states apply in bilateral agreements with European or other countries.

A six-man committee has been established to look into the priorities in bringing about the desired common Arab capital market, and it will report to the second conference of Arab central bankers to be held next March. The areas identified as most important for further study are: the provision of a favourable investment climate; the establishment of a federation of Arab stock exchanges—there are six in operation: and a seventh to open in the Sudan soon; the strengthening of Arab commercial banking capabilities; the development of expertise in drawing up feasibility studies; and investigation of the need to establish any new financial institutions such as joint investment companies or consortia banks, either wholly among Arab institutions or in partnership with foreign financial concerns.

The committee will suggest action to be taken by individual states as well as what is required for an integrated Pan-Arab approach, Dr. Nabulsi said. He estimated very roughly that the size of the unified Arab capital market during the coming years would not exceed $10bn, and would concentrate on providing capital on a medium- and long-term basis for projects in the Arab world.

Later, however, the increasing sophistication of Arab financial markets would allow them to play an international role as intermediaries between Arab providers of capital and international borrowers.

At that stage down the road, the size of the Arab capital market would probably rise to $50bn and above, Dr. Nabulsi estimated.

"We would like to see the Arabs one day as intermediaries among capital markets as well as suppliers of capital," Dr. Nabulsi said.

"But we are very aware of the fact that the development and growth of Arab financial sophistication and expertise should not be at the expense or to the detriment of other established markets or to Arab capital itself."

The Central Bank governors were well aware that they were embarking on a process that was bound to be a slow and gradual one. As the representative of the Saudi Arabian Monetary Agency said, the aims of the conference were long-term ones that could not be achieved immediately.

The fact that there are great differences in the political and economic systems of individual Arab states should not be a great hindrance in the initial stages, Dr. Nabulsi thought, though he did say that the adoption of any sort of unified Arab currency is a bit premature given the enormously sensitive matter of the infringement of political sovereignty inherent in the adoption of a unified currency.

## Kenyan offshoot for Barclays International

By John Worrall

NAIROBI, July 5.

Barclays Bank International Kenya is to set up a local banking company called Barclays Bank of Kenya with the view later of going public with shares made available locally.

To this end a Bill has been published in the Government Gazette called the Barclays Bank of Kenya Limited Bill. The purpose of the Bill, said a Barclays International statement, was to make the change from a foreign company to a locally incorporated company administratively possible.

It is the bank's wish that as soon as possible after the formation of the new company it should invite Kenyans to take up shares in the new bank.

The shares to be issued will be in addition to the equity capital of the new bank at the time of incorporation.

There is no intention of Barclays in any way disinvesting in Kenya, or reducing the level of its activities, or repatriating any of its substantial capital already invested in Kenya, the statement pointed out.

On the contrary, the new capital raised from the Kenya public will be employed in extending the new bank's operations throughout the country.

The bank said it had long been its wish to identify itself even more closely with Kenya. Local incorporation and local participation would give the new bank a truly local character, yet at the same time retain the important working links with the worldwide network, expertise and experience of the group.

## SCCS clearing house

The Singapore Stock Exchange associate, Securities Clearing and Computer Services (PTE) (SCCS) proposes to introduce full interbroker clearing of share transactions, through a central clearing house on January 2. Reuter reports.

Physical deliveries of scrip between clearing members would be replaced by deliveries to and from the proposed central clearing house.

## Tooheys plans A$8m notes issue

BY JAMES FORTH

SYDNEY, July 5.

TOOHEYS, the large New South Wales brewer, plans to issue just over A$8m ($9.2m) of convertible notes to its major shareholder, Allied Breweries of the UK, ostensibly to increase the scope of existing technical and marketing links and to assist Tooheys in expansion.

The move also comes against the background of takeover moves within the brewing industry. The largest brewer in NSW, Tooth and Co. in May bought an 87 per cent interest in small Victorian brewer Courage Breweries from the two largest shareholders Courage of the UK and Amatil — in which British American Tobacco has a substantial equity — and offered a similar price to remaining shareholders.

There has also been considerable speculation that Tooheys itself could receive a takeover approach. The most common suggestion was that Philip Morris Australia, the local offshoot of the U.S. Tobacco and Brewery group, would make an offer for Tooheys.

The directors of Tooheys said that during June the technical and commercial relationships with Allied were reviewed. It was agreed that the association had brought benefits to both parties.

Tooheys has been associated with Allied since 1970 when a jointly owned company, Allied Vintners was established which bought several wine companies. In 1972 Tooheys bought the remainder of Allied Vintners for shares, which gave Allied Breweries a holding of about 14 per cent in Tooheys.

The Tooheys directors said that broadly the relationship between the two brewers provided that the expertise of each would be made available to the other, with particular reference to the areas of marketing, production and quality control, both in the brewing and wine industry. Allied had a world wide involvement in the brewing, wine and spirit field and Tooheys recognised the enormous technical and marketing value to be attached to that experience.

To increase the scope for taking advantage of these benefits it had been agreed that Allied would advance A$8.05m to Tooheys, subject to approval of the Australian regulatory authorities. This would be effected by an issue of 4.6m Unsecured 9.5 per cent non-transferable convertible notes. The notes had a maximum duration of five years and could be converted at any time by Allied. The issue price is A$1.75 and the notes convert on a one-for-one basis. They carry the customary rights to participate in rights and scrip issues. Allied's stake in Tooheys would rise to 21.6 per cent on conversion.

The funds made available would enable Tooheys to pay off certain more expensive, short term loans and to extend its brewing and wine facilities. But the directors said that above all the additional comitment by Allied ensured a strengthening of the technological alliance.

## LAFCO opens Singapore office

BY OUR OWN CORRESPONDENT

SINGAPORE, July 4.

London American Finance Corporation (LAFCO), a Midland Bank subsidiary, has set up a regional office in Singapore.

London American's group chief executive, Mr. A. J. Ponte, said here that the substantial growth of its business in the Asia-Pacific-Australasia area has led to the decision to establish the office in Singapore, and also a representative office in Sydney responsible to the Singapore office.

Mr. Ponte emphasised the importance attached by London American to this region as a major area of future growth in world trade with consequential demands for supplier credits.

The Singapore office would evaluate possible new developments for the group in this part of the world including the establishment of operating companies specialising in financing exports from the principal exporting countries within the region.

Singapore with its substantial export trade and well established export credit insurance facilities was clearly a potential centre for this next phase in the growth of London American.

London American has appointed Mr. Leslie W. W. Parrett, an executive director of LAFCO, as general manager Far East-Pacific region.

## Shiseido ahead

SHISEIDO, the major Japanese cosmetics manufacturer, has reported an increase of 3.3 per cent in after-tax profit for the half-year to May 31, to Y4.71bn ($22.9m) from Y4.56bn in the same period last year, reports Reuter from Tokyo. Sales for the first six months were 7.3 per cent higher, at Y131.88bn ($640m), against Y122.92bn. The interim dividend is unchanged, at Y5.

## Dividend boost for Singapore Airlines

By H. F. Lee

SINGAPORE, July 5:

SINGAPORE AIRLINES (SIA) has reported a 19 per cent increase in post-tax profit to S$25m (U.S.$10.59m) for the year ended March, 1978.

This figure, however, excludes dividends from the airline's subsidiaries such as Singapore Airport Terminal Services (SATS) and Singapore Airport Duty Free Emporium (SADE) which have yetto be approved by the Board.

These dividends are provisionally estimated at S$21.2m on a pre-tax basis. After allowing for tax, SIA's post tax profits including such dividends would be substantially increased to S$35.7m (S$15.41m) —49.5 per centhigher than the previous year's comparable figure of S$23.87m.

The big increase is due to a five-fold jump in dividends from subsidiaries, coming mainly from SATS which is declaring a larger dividend payment.

SIA is confident of achieving its projected post-tax profit figure of S$34.6m in the current year.

The airline's operating revenue rose by 30.4 per cent to S$1.132bn while operating expenditure increased at a slightly faster pace of 31 per cent to S$1.04bn. Operating surplus was 24 per cent higher at S$93m.

SIA attributed the difference between the operating and post tax margins to four factors.

Firstly, the stepping up of depreciation of new aircraft to six and a-half years in its last financial year under the phased programme of accelerating depreciation to six years.

Second, an increase in the provision for overhaul of the JT3D and JT8D engines as a result of increased rates.

Thirdly, net finance charge of S$16m and fourthly, allowance for tax (including overseas) of S$25m.

SIA also reported a 23.7 per cent increase in capacity production to 1,567m capacity tonne-kilometres while traffic carried rose at a faster pace of 27.3 per cent to 1,087m revenue tonne-kilometre.

The overall load factor improved from 66 per cent to 68 per cent. Better yields despite increasing unit cost brought the airline's breakeven load factor down from 59.4 to 59.2 per cent.

SIA said that growth in revenue exceeded capacity growth on all its routes.

Revenue growth on the Australia/New Zealand route was 22 per cent and on the South East Asian link 10 per cent, compared with capacity growth of 20 per cent and 5 per cent respectively.

Traffic growth of 33 per cent between the Europe and Middle East route kept pace with the increase in capacity of 32 per cent. As a result of improved yields, revenue generated in this area rose by 38 per cent.

The Orient route achieved a revenue increase of 20 per cent despite low capacity growth of a 4 per cent, due to good traffic growth and improvement in yield. However, by virtue of the massive injection in capacity in Europe and the Middle East, SIA said, this route has overtaken the Orient as the top revenue earner.

## SELECTED EURODOLLAR BOND PRICES
### MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Alcan Australia 9½pc 1989 | 96¾ | 97¼ |
| AMEV 8pc 1987 | 95 | 95½ |
| Australia 8½pc 1992 | 92½ | 93 |
| Australian M. & S. 9½pc '92 | 96½ | 97¼ |
| Barclays Bank 8½pc 1992 | 94½ | 95 |
| Bowater 9½pc 1992 | 96½ | 97 |
| Can. N. Railway 8½pc 1986 | 94½ | 95½ |
| Credit National 8½pc 1986 | 95½ | 96 |
| Denmark 8½pc 1984 | 97¼ | 97¾ |
| ECS 9pc 1993 | 98¾ | 98¾ |
| ECS 8½pc 1997 | 93¾ | 94¼ |
| EIB 8½pc 1992 | 97 | 97¾ |
| EMI 9½pc 1989 | 97½ | 98½ |
| Ericsson 8½pc 1989 | 95½ | 96½ |
| Esso 8pc 1986 Nov. | 99½ | 100 |
| Gt. Lakes Paper 8½pc 1984 | 96½ | 97½ |
| Hamersley 9½pc 1992 | 100 | 100½ |
| Hydro Quebec 9pc 1992 | 94½ | 95½ |
| ICI 8½pc 1987 | 95½ | 96½ |
| ISE Canada 9½pc 1986 | 102½ | 103½ |
| Macmillan Bloedel 9pc 1992 | 93½ | 94½ |
| Massey Ferguson 9½pc '91 | 98½ | 99½ |
| Michelin 9½pc 1988 | 100 | 100½ |
| Midland Int. Fin. 8½pc '92 | 94 | 94½ |
| National Coal Bd. 8pc 1987 | 92½ | 92¾ |
| National Wstmnstr. 9pc '86 | 99½ | 100½ |
| Natl. Wstmnstr. 9pc '86 'B' | 100 | 100½ |
| Newfoundland 9pc 1989 | 98½ | 99 |
| Nordic Inv. Bank 8½pc 1988 | 98 | 98½ |
| Norges Kom. Bk. 8½pc 1992 | 95 | 95½ |
| Norpipe 8½pc 1989 | 94½ | 95½ |
| Norsk Hydro 8½pc 1992 | 94½ | 95½ |
| Oslo 9pc 1988 | 99½ | 100½ |
| Ports Autonomes 9pc 1991 | 97½ | 98 |
| Prov. Quebec 9pc 1995 | 93½ | 94 |
| Prov. Saskatchwn. 8½pc '86 | 97½ | 98½ |
| Reed International 9pc 1987 | 92½ | 94½ |
| RHM 9pc 1992 | 93 | 93½ |
| Selection Trust 8½pc 1989 | 90 | 91 |
| Shell Intl. Fin. 8½pc 1990 | 95 | 95½ |
| Skand. Enskilda 9pc 1991 | 97 | 97½ |
| SKF 8pc 1987 | 91½ | 92½ |
| Sweden (K'dom) 8½pc 1987 | 93½ | 94½ |
| United Biscuits 9pc 1989 | 97 | 97½ |
| Volvo 8pc 1987 March | 93½ | 94 |
| **NOTES** | | |
| Australia 7½pc 1984 | 93½ | 94 |
| Bell Canada 7½pc 1987 | 95½ | 96 |
| Br. Columbia Hyd. 7½pc '85 | 91½ | 92½ |
| Can. Pac. 8½pc 1984 | 97 | 97½ |
| Dow Chemical 8pc 1986 | 98½ | 99 |
| ECS 7½pc 1982 | 94½ | 95½ |
| ECS 8½pc 1989 | 93½ | 94½ |
| EEC 7½pc 1982 | 95 | 95½ |
| EEC 7½pc 1984 | 94 | 94½ |
| Enso Gutzeit 8½pc 1984 | 96 | 96½ |
| Gotaverken 7½pc 1982 | 95½ | 96½ |
| Kockums 8pc 1983 | 96½ | 97½ |
| Michelin 8½pc 1983 | 98½ | 99½ |
| Montreal Urban 8½pc 1981 | 98½ | 99½ |

| | Bid | Offer |
|---|---|---|
| New Brunswick 8pc 1984 | 96½ | 97 |
| New Bruns. Prov. 8½pc '83 | 98 | 98½ |
| New Zealand 8½pc 1986 | 95½ | 96 |
| Nordic Inv. Bk. 7½pc 1984 | 94 | 94½ |
| Norsk Hydro 7½pc 1982 | 95½ | 96 |
| Norway 7½pc 1982 | 94½ | 95 |
| Ontario Hydro 8pc 1987 | 93 | 93½ |
| Singer 8½pc 1982 | 99½ | 100½ |
| S. of Scot. Elec. 8½pc 1981 | 97½ | 96½ |
| Sweden (K'dom) 7½pc 1982 | 94½ | 95½ |
| Swedish State Co. 7½pc '82 | 95½ | 96 |
| Telmex 9½pc 1984 | 98½ | 99 |
| Tenneco 7½pc 1987 May | 91½ | 92½ |
| Volkswagen 7½pc 1987 | 93½ | 94 |
| **STERLING BONDS** | | |
| Allied Breweries 10½pc '90 | 87½ | 88½ |
| Citicorp 10pc 1993 | 91 | 92 |
| Courtaulds 9½pc 1989 | 89½ | 89½ |
| ECS 9½pc 1989 | 94 | 95 |
| EIB 9½pc 1988 | 95 | 96 |
| EIB 9½pc 1992 | 91½ | 92½ |
| Finance for Ind. 9½pc 1987 | 89½ | 90½ |
| Finance for Ind. 10pc 1989 | 91½ | 92½ |
| Fisons 10½pc 1987 | 93½ | 94½ |
| Gestetner 11pc 1988 | 90½ | 91½ |
| INA 10pc 1988 | 90½ | 91½ |
| Rowntree 10½pc 1988 | 97½ | 88½ |
| Sears 10½pc 1995 | 89 | 90 |
| Total Oil 9½pc 1984 | 89 | 90 |
| **DM BONDS** | | |
| Asian Dev. Bank 5½pc 1988 | 96 | 96½ |
| BNDE 6½pc 1986 | 97 | 97½ |
| Canada 4½pc 1983 | 96 | 98½ |
| Den Norske Id. Bk. 6pc '90 | 100½ | 101 |
| Deutsche Bank 4½pc 1983 | 98 | 98½ |
| ECS 5½pc 1990 | 94½ | 95 |
| EIB 5½pc 1990 | 94½ | 95 |
| Elf Aquitaine 5½pc 1988 | 94½ | 95½ |
| Euratom 5½pc 1987 | 98 | 98½ |
| Finland 5½pc 1986 | 97½ | 98 |
| Forsmarks 5½pc 1990 | 97½ | 98 |
| Mexico 6pc 1985 | 96 | 98½ |
| Norcem 5½pc 1989 | 99½ | 100½ |
| Norway 4½pc 1983 | 98 | 98½ |
| Norway 4½pc 1983 | 97 | 97½ |
| PK Banken 5½pc 1988 | 98 | 98½ |
| Prov. Quebec 6pc 1990 | 97 | 97½ |
| Rautaruukki 5½pc 1988 | 93 | 95½ |
| Spain 6pc 1988 | 95½ | 96 |
| Trondheim 5½pc 1988 | 96½ | 97 |
| TVO Power Co. 6pc 1988 | 97 | 97½ |
| Venezuela 6pc 1988 | 97 | 97½ |
| World Bank 5½pc 1990 | 97½ | 96½ |
| **FLOATING RATE NOTES** | | |
| Bank of Tokyo 1984 8½pc | 99½ | 99¾ |
| BFCE 1984 9½pc | 99½ | [illegible] |
| BNP 1983 8¹¹⁄₁₆pc | 100½ | 100½ |
| BQE Worms 1985 9pc | 98½ | 95½ |
| CCF 1985 9½pc | 99 | 99½ |
| CGMF 1984 8¹¹⁄₁₆pc | 99½ | 99½ |

| | Bid | Offer |
|---|---|---|
| Creditanstalt 1984 8½pc | 99 | 99½ |
| DG Bank 1982 9pc | 100 | 100½ |
| GZB 1981 8⁷⁄₁₆pc | 99½ | 100½ |
| Intl. Westminster 1984 8pc | 99½ | 99½ |
| Lloyds 1983 8¹⁵⁄₁₆pc | 100½ | 100½ |
| LTCB 1983 8pc | 99½ | 100 |
| Midland 1987 8⁹⁄₁₆pc | 99½ | 99½ |
| Nat. Westminster '90 8⁵⁄₁₆pc | 98½ | 99½ |
| OKB 1983 7½pc | 100 | 100½ |
| SNCF 1985 8½pc | 99½ | [illegible] |
| Stand. and Chtrd. '84 8½pc | 99½ | 99½ |
| Wms. and Glyn's '84 8¹¹⁄₁₆pc | 99½ | 100 |
| Source: White Weld Securities. | | |
| **CONVERTIBLES** | | |
| American Express 4½pc '87 | 81½ | 83 |
| Ashland 5pc 1988 | 92½ | 94 |
| Babcock & Wilcox 6½pc '97 | 102½ | 103½ |
| Beatrice Foods 4½pc 1992 | 96 | 97½ |
| Beatrice Foods 4½pc 1992 | 105½ | 110 |
| Beecham 6½pc 1992 | 95 | 98 |
| Borden 5pc 1992 | 98½ | 100 |
| Broadway Hale 4½pc 1987 | 75½ | 77 |
| Carnation 4pc 1987 | 77 | 78½ |
| Chevron 5pc 1988 | 122 | 123½ |
| Dart 4½pc 1987 | 79 | 80½ |
| Eastman Kodak 4½pc 1988 | 83½ | 84 |
| Economic Labs. 4½pc 1987 | 77½ | 79 |
| Firestone 5pc 1988 | 79½ | 81 |
| Ford 5pc 1986 | 85 | 86½ |
| General Electric 4½pc 1987 | 79½ | 81 |
| Gillette 4½pc 1987 | 74 | 75½ |
| Gould 5pc 1987 | 114½ | 116 |
| Gulf and Western 5pc 1988 | 85½ | 87 |
| Harris 5pc 1992 | 177½ | 179½ |
| Honeywell 6pc 1986 | 84½ | 86 |
| ICI 6½pc 1992 | 88 | 89 |
| INA 6pc 1997 | 96 | 97½ |
| Inchcape 6½pc 1992 | 111½ | 112½ |
| ITT 4½pc 1987 | 77½ | 79 |
| Jusco 6pc 1992 | 117 | 118 |
| Komatsu 7½pc 1990 | 133½ | 139½ |
| J. Ray McDermott 4½pc '87 | 149½ | 151½ |
| Matsushita 6½pc 1990 | 180½ | 181½ |
| Mitsui 7½pc 1990 | 131½ | 132½ |
| J. P. Morgan 4½pc 1987 | 95 | 96½ |
| Nabisco 5½pc 1988 | 104 | 105½ |
| Owens Illinois 4½pc 1987 | 111½ | 113 |
| J. C. Penney 4½pc 1987 | 75½ | 77 |
| Revlon 4½pc 1987 | 119 | 120½ |
| Reynolds Metals 5pc 1988 | 81 | 82½ |
| Sandvik 6½pc 1988 | 110½ | 112 |
| Sperry Rand 4½pc 1987 | 91 | 92½ |
| Squibb 4½pc 1987 | 81 | 82½ |
| Texaco 4½pc 1988 | 77½ | 79 |
| Toshiba 6½pc 1992 | 132 | 133 |
| Ty Co. 5pc 1984 | 76½ | 78 |
| Ty Co. 5½pc 1988 | 101 | 102 |
| Union Carbide 4½pc 1982 | 93 | 94½ |
| Warner Lambert 4½pc 1987 | 90 | 91½ |
| Warner Lambert 4½pc 1988 | 76½ | 78 |
| Xerox 5pc 1988 | 76½ | 78 |
| Source: Kidder, Peabody Securities. | | |

**VONTOBEL EUROBOND INDICES**

14.5.76 = 100%

| PRICE INDEX | 27.6.78 | 4.7.78 | AVERAGE YIELD | 27.6.78 | 4.7.78 |
|---|---|---|---|---|---|
| DM Bonds | 106.25 | 106.28 | DM Bonds | 6.521 | 6.512 |
| HFL Bonds & Notes | 105.01 | 104.90 | HFL Bonds & Notes | 7.428 | 7.462 |
| U.S. $ Strt. Bonds | 99.15 | 98.63 | U.S. $ Strt. Bonds | 8.846 | 8.953 |
| Can.-Dollar Bonds | 100.02 | 99.83 | Can.-Dollar Bonds | 9.284 | 9.333 |

## LEGAL NOTICES

No. 002080 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RIGNELL LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 27th day of June 1978, presented to the said Court by THE CITY OF BIRMINGHAM DISTRICT COUNCIL of the Council House, Birmingham, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 31st day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE, PRITCHARD & CO.,
108, Kingsway,
London, W.C.2. (Ref: 14RR)
Agents for:
FRANK H. WILSON
of Birmingham,
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 28th day of July 1978.

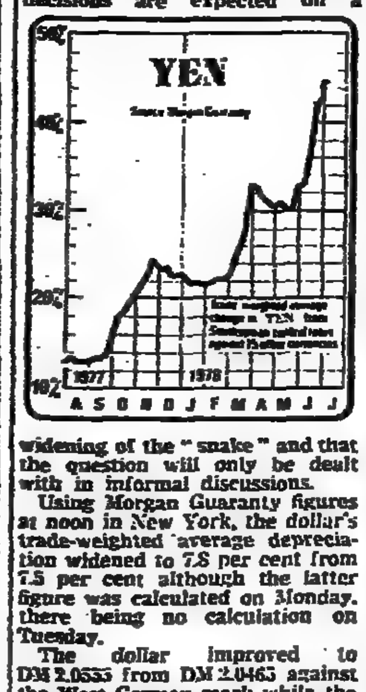
IN THE MATTER OF THE COMPANIES ACT, 1948 and IN THE MATTER OF TUBE CRAFTS (KENT) LTD.
Registered Office:
33, Cliffords Inn, Fetter Lane,
London, EC4A 1AH.

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above-named Company will be held at 33, Cliffords Inn, Fetter Lane, London EC4A 1AH, on 21st July, 1978, at 11.30 a.m., for the purpose mentioned in Section 294 et seq of the said Act.
Dated this 16th day of June, 1978.
By Order of the Board.
K. A. FIGES,
Director.

# Currency, Money and Gold Markets

## Dollar steady as pressure eases

Pressure on the U.S. dollar subsided somewhat in yesterday's foreign exchange market and the U.S. currency went on to finish on or around its best level for the day. However, with no change in the fundamental reasons for the dollar's recent decline, the undertone remained generally nervous. Trading was a little quieter than on Tuesday and the dollar seemed to benefit from a little profit-taking and occasional central bank intervention. The market appears to be awaiting any outcome of the two-day European Community summit which begins in Bremen today. This was despite denials that no decisions are expected on a widening of the "snake" and that the question will only be dealt with in informal discussions.




Using Morgan Guaranty figures at noon in New York, the dollar's trade-weighted average depreciation widened to 7.8 per cent from 7.5 per cent although the latter figure was calculated on Monday, there being no calculation on Tuesday.

The dollar improved to DM 2.0535 from DM 2.0465 against the West German mark while the Swiss franc also eased in dollar terms to SwFr 1.8170 from SwFr 1.7990 previously. The Japanese yen finished around the middle of the day's range at Y201.50 against Y200.90 having been as high as Y200.70 at one point.

Sterling opened at $1.8710-1.8720 and with selling of the dollar later in New York, the pound improved to $1.8730-1.8740 before easing at the close to $1.8695-1.8705, a loss of 45 points. Using Bank of England figures, the pound's trade-weighted index was unchanged at 61.4.

FRANKFURT—At the fixing the dollar showed a slight improvement to DM 2.0528 from DM 2.0500 in early trading and DM 2.0509 at Tuesday's fixing. Support for the U.S. currency did not appear to be forthcoming from the Bundesbank although commercial banks were seen to be giving some assistance. However, in later trading, the dollar fell to DM 2.0485 in generally quieter conditions with confidence in the currency remaining at a very low level. Against 22 other currencies the mark's trade weighted revaluation index rose to 145.7 from 145.6, up 0.1 per cent from the end of 1976 and 0.9 per cent up from the end of 1977.

Once again the Belgian franc fell to its lower intervention point within the European currency "snake" at DM 6.343 per hundred Belgian francs.

PARIS—In generally nervous trading, the dollar showed little change in terms of the franc at FFr 4.4387½ from FFr 4.4345 on Tuesday. During the morning the U.S. currency recovered on some profit taking and at one point reached FFr 4.4475. If the central bank intervened it appeared to be on a very small scale. Against the Swiss franc, the French franc improved to FFr 2.4560 from FFr 2.4685 previously while in relation to the West German mark, it showed little change. Sterling closed at FFr 8.3140 compared with FFr 8.3080.

MILAN—Conditions proved to be relatively dull apart from activity surrounding the dollar. The lira lost ground against all currencies, the only exception being the Swiss franc which eased to L466.76 from L469.6 on Tuesday.

TOKYO—The dollar continued to weaken and closed at Y200.97½ compared with Y201.32½ on Tuesday. Conditions were not so hectic as earlier in the week and the U.S. currency took on a slightly steadier appearence. The dollar opened at its worst level of the day at Y200.5 but improved to over Y201 with some assistance given by the Bank of Japan. Although this intervention was not heavy, the dollar was helped by a slight increase in domestic demand. However, some sources suggested that the dollar would fall below Y200 before the summit talks in Bonn. Trading in the spot market totalled about $467m while swap and forward business accounted for $657m.

### THE POUND SPOT

| July 5 | Bank rate % | Day's spread | Close |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

Belgian rate is for convertible francs. Financial francs 61.45-61.65.

### FORWARD AGAINST £

| | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Six-month forward dollar 2.53-2.43c pm; 12-month 3.86-4.96c pm.

### THE DOLLAR SPOT

| July 5 | Day's spread | Close |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

* U.S. cents per Canadian $.

### FORWARD AGAINST $

| | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### CURRENCY RATES

| July 5 | Special Drawing Rights | European Unit of Account |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

### CURRENCY MOVEMENTS

| July 5 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

Based on trade weighted changes from Washington agreement ... (Bank of England Index = 100).

### OTHER MARKETS

| July 5 | £ | $ | | Note Rates |
|---|---|---|---|---|
| Iran Rial | 128 134 | 68.45-71.66 | Japan | 380.5 |
| Kuwait Dinar (KD) | 0.506-0.516 | 0.2708-0.2760 | Netherlands | 4.05 4. |
| Luxembourg Franc | 60.40-60.50 | 32.33-32.36 | Norway | 10.00 |
| Malaysia Dollar | 4.40-4.41½ | 2.3490-2.3500 | Portugal | 79 8. |
| New Zealand Dollar | 1.8093-1.8195 | 0.9686-0.9705 | Spain | 1.465-1. |
| Saudi Arabia Riyal | 6.40-6.55 | 4.42-3.50 | Switzerland | 3.35-3. |
| Singapore Dollar | 4.32-4.34 | 2.3056-2.3065 | United States | 1.86½-1. |
| South African Rand | 1.6198-1.6357 | 0.8668-0.8752 | Yugoslavia | 34.4 |

Rate given for Argentine is free rate.

### EXCHANGE CROSS-RATES

| July 5 | Pound Sterling | U.S. Dollar | Deutsche Mark | Japanese Yen | French Franc | Swiss Franc | Dutch Guilder | Italian Lira | Canadian Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.870 | 3.845 | 377.5 | 8.315 | 3.400 | 4.125 | 1583. | 2.097 | 60.50 |
| U.S. Dollar | 0.535 | 1. | 2.056 | 201.9 | 4.447 | 1.818 | 2.206 | 846.5 | 1.121 | 32.35 |
| Deutsche Mark | 0.260 | 0.486 | 1. | 98.28 | 2.163 | 0.884 | 1.073 | 411.7 | 0.545 | 15.72 |
| Japanese Yen 1,000 | 2.649 | 4.954 | 10.19 | 1000. | 22.03 | 9.007 | 10.93 | 4194. | 5.554 | 160.1 |
| French Franc 10 | 1.203 | 2.249 | 4.624 | 454.0 | 10. | 4.089 | 4.961 | 1904. | 2.521 | 72.76 |
| Swiss Franc | 0.294 | 0.550 | 1.131 | 111.0 | 2.446 | 1. | 1.213 | 465.6 | 0.617 | 17.79 |
| Dutch Guilder | 0.242 | 0.453 | 0.932 | 91.52 | 2.016 | 0.824 | 1. | 383.8 | 0.508 | 14.67 |
| Italian Lira 1,000 | 0.632 | 1.181 | 2.429 | 238.5 | 5.253 | 2.148 | 2.606 | 1000. | 1.324 | 38.22 |
| Canadian Dollar | 0.477 | 0.892 | 1.834 | 180.1 | 3.966 | 1.622 | 1.968 | 755.1 | 1. | 28.86 |
| Belgian Franc 100 | 1.653 | 3.091 | 6.356 | 624.0 | 13.74 | 5.620 | 6.818 | 2617. | 3.465 | 100. |

### EURO-CURRENCY INTEREST RATES*

| July 5 | Sterling | Canadian Dollar | U.S. Dollar | Dutch Guilder | Swiss Franc | W. German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 9¾-10¼ | 7¼-8¼ | 7⅞-8⅛ | 4¼-4½ | [illegible] | [illegible] | 11¼-11⅝ | 6-10 | — | [illegible] |
| 7 days' notice | 10½-11 | 7-8 | [illegible] | 4¼-4½ | [illegible] | [illegible] | 10¾-11 | 9½-10½ | [illegible] | [illegible] |
| Month | 10½-11 | [illegible] | 7⅞-7⅞ | 4¼-4½ | [illegible] | [illegible] | 9¾-10 | 10-11 | [illegible] | [illegible] |
| Three months | 11⅛-11⅜ | [illegible] | 8⅜-8⅜ | 4½-4½ | [illegible] | [illegible] | 9¾-10 | 10¼-11¼ | 8½-8⅝ | [illegible] |
| Six months | 11⅞-12⅛ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10-10¼ | 12-13 | [illegible] | [illegible] |
| One year | 12⅛-12½ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10½-11 | 12½-13½ | 9¼-9⅝ | [illegible] |

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent; three months 8.30-8.40 per cent; six months [illegible] per cent; one year [illegible] per cent.

Long-term Eurodollar deposits: two years 9¼-9½ per cent; three years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; four years 9½-9⅝ per cent; five years 9⅝-9¾ per cent. * Rates nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

## New York rates firm

Interest rates were fairly steady in New York yesterday, although 13-week Treasury bills were slightly firmer than at Monday's auction at 7.07 per cent, compared with 7.038 per cent. Longer term bills showed similar movements, with 26-week bills at 7.47 per cent, compared with 7.447 per cent at the tender and one-year at 7.74 per cent, against 7.73 per cent late Monday.

Federal funds fell to 7¼-7⅜ per cent, from 8¼-8⅜ per cent on Monday, but trading tended to be distorted by the fact that it was make-up day for the banks. This may have had an artificially depressing influence on the rate.

PARIS—Money market rates were generally easier, although day-to-day funds were unchanged at 7⅞ per cent. One-month money fell ⅛ per cent to 7¾-7⅞ per cent, and three-month by ⅛ per cent to 7¾-7⅞ per cent. Six-month rates declined by ¼ per cent to 8¼-8½ per cent, while 12-month money was unchanged at 9½ per cent.

FRANKFURT—Interbank money market rates were unchanged from 3.5 per cent for call money to 3.95 per cent for six-month.

AMSTERDAM — Call money eased to 4¼-4½ per cent from 4½-4¾ per cent, but longer periods were firmer, with one-month at 4¾-4⅞ per cent compared with 4½-4¾ per cent; three-month at 4⅞-4⅞ per cent, against 4⅝-4¾ per cent; and six-month at 5¼-5⅜ per cent against 5⅛-5¼ per cent.

BRUSSELS—Deposit rates for call money rose ¼ per cent to 5¾-6¼ per cent, with longer periods much firmer. One-month money rose to 5¾-6 per cent from 5⅝-5¾ per cent; and three-month to 6¼-6½ per cent from 5¹¹⁄₁₆-6¹⁄₁₆ per cent. Six-month funds increased to 6¾-7 per cent from 6⅜-6⅝ per cent; and 12-month to 7¼-7½ per cent from 7¼-7½ per cent.

HONG KONG—The money market was tight with call money rising ¼ per cent to 5¼ per cent and overnight increasing by a similar amount to 5 per cent.

TOKYO—Excessive liquidity in the money market is unlikely to present any problems in the near future according to the Bank of Japan, even though intervention in the foreign exchange market to assist the dollar has tended to increase lately, with the build-up of speculative money into the yen. This comment from the central bank followed publication of money supply figures for May. Broadly defined money supply (M-2) fell to an average annual rate of 11.5 per cent, from 11.9 per cent in April. Cash in circulation plus demand deposits (M-1) showed an annual growth rate of 11.4 per cent, against 7.8 per cent in the previous month.

GOLD

## Quiet trading

Gold lost $½ an ounce in very quiet conditions to close at $184-184½. After opening at the same level, the metal improved slightly to $184.40 at the morning fixing but eased slightly during the afternoon to be fixed at $184.20. Trading remained at a low level after Tuesday's holiday in the U.S. and yesterday's IMF gold auction, also in the U.S.

In Paris the 12½ kilo bar was fixed at FFr 26,600 per kilo ($[illegible] per ounce) in the afternoon compared with FFr 26,675 ($186.4[illegible]) in the morning and FFr 26,7[illegible] ($187.23) on Tuesday afternoon. In Frankfurt the 12½ kilo bar was fixed at DM 12,155 per kilo ($184.13 per ounce), against DM 12,200 ($185.02) previously.

| | July 5 | July 4 |
|---|---|---|
| Gold Bullion (a fine ounce) | | |
| Close | $184-184½ | $184¼-185 |
| Opening | $184-184½ | $184 185¼ |
| Morning fixing | $184.40 (£98.657) | $185.60 (£98.789) |
| Afternoon fixing | $184.20 (£98.387) | $184.40 (£98.680) |
| Gold Coins domestically | | |
| Krugerrand | $190 192 | $190 192 |
| New Sovereigns | [illegible] | [illegible] |
| Old Sovereigns | [illegible] | [illegible] |
| Gold Coins internationally | | |
| Krugerrand | [illegible] | [illegible] |
| New Sovereigns | [illegible] | [illegible] |
| Old Sovereigns | [illegible] | [illegible] |
| $20 Eagles | [illegible] | [illegible] |
| $10 Eagles | [illegible] | [illegible] |
| $5 Eagles | [illegible] | [illegible] |

UK MONEY MARKET

## Unforeseen shortage

**Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)**

Day-to-day money was in surplus in the London money market yesterday, but conditions were slightly patchy and the authorities finished up giving a small amount of help to the market, even though most discount houses probably expected the Bank of England to be sellers of bills to absorb money from the system.

There was a fairly large net take-up of Treasury bills to finance, but banks brought forward substantial surplus balances, and the market was also helped by a slight fall in the note circulation, and an excess of Government disbursements over revenue payments to the Exchequer.

On these figures it came as something of a surprise to find that the authorities had been called upon to give assistance. They lent a small amount to one or two houses overnight at Minimum Lending Rate of 10 per cent, and banks are expected to bring forward further surplus balances as a result.

Discount houses paid around 9½ per cent for secured call loans in the early part, but closing balances were found at 5-7 per cent. In the interbank market overnight loans opened at 9¾-9⅞ per cent, and eased to 7-8 per cent by early afternoon. Rates touched 9-9½ per cent later, but closed at about 6 per cent.

### LONDON MONEY RATES

| July 5 1978 | Sterling Certificate of deposits | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ◆ | Eligible Bank Bills ◆ | Fine Trade Bills ◆ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 6-9⅞ | — | — | — | 9½ | 5-10 | — | — | — |
| 2 days' notice | — | — | 9½-9⅝ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | 9⅞ | — | — | — | — |
| 7 days' notice | — | 9⅝ 9⅞ | 9⅝ 9⅝ | — | 9⅝-10 | — | 9⅜ 9½ | — | — | — |
| One month | 9⅞-9⅞ | 9⅞-10 | 9⅞ | 10⅛-9⅞ | 10-10⅛ | 10¼ | 9⅞-9⅝ | 9⅞-9¼ | 9⅝ | 10½ |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | — |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | — |
| Two years | — | — | [illegible] | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from July 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 9 |
| Fed Funds | 7.5625 |
| Treasury Bills (13-week) | 7.07 |
| Treasury Bills (26-week) | 7.47 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 3 |
| Overnight | 3.55 |
| One month | 3.6 |
| Three months | 3.7 |
| Six months | 3.95 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight | 7.875 |
| One month | 7.5625 |
| Three months | 7.8125 |
| Six months | 8.4375 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 3.5 |
| Call (Unconditional) | 4.375 |
| Bills Discount Rate | 4.875 |

# BOOKS

## Through Irish eyes

BY C. P. SNOW

**A Place Apart** by Dervla Murphy. John Murray. £5.50. 295 pages
**All the way to Bantry Bay** by Benedict Kiely. Gollancz, £5.50. 208 pages

Dervla Murphy is tough, intrepid and intelligent. She has travelled, alone, to unlikely places, such as Tibet, Afghanistan, Ethiopia. She seems to have a gift for getting on easy terms with all manner of people. Most of her travels have been performed, in a pleasingly anachronistic fashion, on a bicycle. She would have made a splendid 19th century eccentric. She is, however, much more serious, in the best sense, than those traveller-predecessors of hers. She is southern Irish, now in her mid-forties, and she came to accept that she had been shirking her obligation. She had turned her mind away from the northern slice of her own island, like other people of goodwill, she knew the torment there, she could see no solution, she didn't want to think of it. Yet perhaps she might, just because of her upbringing, see and hear things which others didn't. There was a remote chance she might be able to say something useful.

So she got on her bicycle again, and spent months getting inside the Six Counties, somehow finding herself invited to tea in Provo homes in the slums of Belfast, in corresponding Protestant homes in the Shankill, also in Derry, ditto in the snug farmhouses (Protestant) of the countryside. She drank pints of beer, for which she has a considerable relish, in barricaded pubs all over the province, from the comparative peace of Antrim down to the bitterly anti-British enclave of South Armagh. She took physical risks, which she plays down.

She has emerged with some conclusions which have left her with a qualified and difficult hope. I emerged from her book with admiration and affection for the author but, I have to say, without being able to share that hope.

She was almost ideally fitted for this labour of duty and love. She came from a family of impeccable Republican credentials. In nearly any other country her father and mother would have led a respectable, intellectual, middle-class life. They were Catholic, not fanatical, but believing. It is easy to imagine them in *bien pensant* society in provincial France, honourable, upright, sufficiently independent and sceptical to wonder, as the dust cleared years after the trials, whether there might not still be a shade of doubt about Dreyfus's guilt. As it was, in Ireland her father had taken up his gun in the early Troubles. Her mother's sister had remained devotedly attached to the IRA when De Valera's Government was suppressing it. Dervla Murphy still carries all those emotional memories. As a young woman she slipped out of the Catholic church but without strain and with friendly feelings, very much as educated English Protestants slipped comfortably out of the religion of their youth.

As a rule, the Provos in the north accepted her as someone who would understand, and she met them as no English person could, however cool-headed and detached. She wasn't quite so intimately at ease, despite her gift for human contact, with Ulster Protestants. She admired them, they were hospitable, they had virtues the Catholic Irish hadn't: but one gets the impression that she doesn't have the ties of association with the Scots-Irish (i.e. Northern Irish Protestants) which she might have picked up in America. There they have made a remarkable impact, having produced 14 Presidents and rather improbable products such as William and Henry James.

Nevertheless, she saw them in Ulster with clear, kind eyes. *There hasn't been a fairer-minded observer of the contemporary scene there*, nor one who started with more advantages. The book will infuriate anyone in politics, it doesn't matter whether they are in London, Dublin or Belfast, who think they know the answers. As I said before, I was left unable to share Dervla Murphy's troubled but robust hopes. I found myself wishing that I could believe there was any answer at all.

Benedict Kiely's book, *All the way to Bantry Bay*, is an Irish travelogue of an entirely different kind. Kiely is a gifted writer in a quintessentially Irish vein, verbally inventive, playful, lyrical without being in the least sentimental. Kiely is also sometimes bafflingly inconsequential. That last quality often gets in the way of the narrative of his novels, and at the same time endows them with their singular charm.

He seems, under all the floral decorations of wit and verbal arabesques, to be a more orthodox Irish character than Dervla Murphy. He shows all the signs of still being settled in his faith. He must have been superlative company on these various trips he describes, and his friends are to be envied. Even by Dervla Murphy's standards, they had to be prepared to get through a reasonable amount of liquor, and there is an account of a drinking day in Galway City which makes the head spin. He included several beautiful elegies for dead friends, one particularly moving about the fine poet Patrick Kavanagh, who ought to be as well known as Dylan Thomas. *Irish writers do these celebrations much better* than we do, being more emotional on the surface, less sentimental underneath, and so less inhibited about letting themselves go.

I wish that Kiely had spread himself more about Frank O'Connor, one of the best short-story writers of the age. O'Connor was totally certain of his own literary judgment and not moved by anyone else's, which maybe didn't make him comfortable reading to those who prefer critics who sing in unison. He never got the recognition he deserved, either in our country or his own, a little more in America, though not enough. He was more successful in getting recognition for others. There he used his great natural authority with more effect and generosity than anyone I have known. It wasn't out of personal liking, which wasn't much in his line, but because it was one of his articles of faith, perhaps his deepest one, that a decent writer ought to have his due.

## Enigma of Willy Brandt

BY MALCOLM RUTHERFORD

**People and Politics** by Willy Brandt. Collins, £6.95. 502 pages

Herr Willy Brandt is a man who has never quite realised his full potential. He has been Mayor of West Berlin, West German Foreign Minister, and Chancellor. His achievements are considerable. He was one of the first Germans to recognise that the reunification of his country could only come about, if ever, through the reconciliation of the superpowers: there would be no question of the Germans being forced away of the East German state, nor of the roll-back of Communist forces. He accepted a policy of "small steps" and he did more than anybody else to put West Germany's relations with Eastern Europe on a normal footing without in any way impairing relations with the West. Above all, perhaps, he was the first German of the post-war period to be loved, as well as respected, abroad.

And yet throughout his periods of office there was always the impression that he was trying to say something that he could not quite articulate. Whether it was about the future of Europe after the first steps of détente or the future of social democracy, the words did not come out. In the end it was not surprising when he resigned as Federal Chancellor ostensibly because of the spy in his office, but in reality because—with his achievements behind him—he had become something of a burnt-out case.

It is the same with this book. Much of it is an account of the early genesis of détente and the evolution of Herr Brandt's own thinking about Germany. It began with the building of the Berlin Wall and the realisation that no one in the West was prepared to do anything to stop it. Herr Brandt returns again and again to the theme that, whatever happened, the two superpowers would respect the spheres of influence in Europe broadly agreed at Yalta: it was borne in on us, he writes, that they were "capable of compromise as well as confrontation." It was a question of doing whatever could be done to improve West Germany's relations with the East within that context.

According to this version, the early seeds of the *Ostpolitik* were sown in conversations with Presidents Kennedy and de Gaulle. It was de Gaulle, for instance, who pointed out when Herr Brandt was still Mayor of Berlin the necessity of recognising the Oder-Neisse line as Poland's western frontier. There may be some exaggeration here and certainly there is a leaning towards Kennedy that becomes almost idolatrous. But in general the evidence is there: the *Ostpolitik* had been long discussed before Herr Brandt was in a position to put it into execution. It was almost as if he became Chancellor with a preconceived plan, and carried it out.

Yet if that is a tribute, it is also a criticism. Herr Brandt believes that through no fault of his own the *Ostpolitik* was belated. It was not necessarily any the worse for that, but there was a failure to recognise at the same time that the world had moved on. There were few clear ideas about what to do with the European Security Conference or Vienna talks on mutually balanced force reductions, to which the progress of the *Ostpolitik* had sometimes been tied. Equally, East-West conflicts and rivalries were no longer confined to Europe. With some justification Herr Brandt tends to blame the lack of follow-up on other powers—East and West alike, but one cannot escape the thought that he himself had come to the end of a mission and did not know where to go next.

There is a revealing admission of this limited approach in his reflections on Vietnam. Instinctively Herr Brandt was against the U.S. involvement, not least because it led to unrest among German students. It was a subject, he says, about which "I simply knew too little." He adds: "I may even have preferred ignorance because enlightenment would have brought me into conflict with U.S. policy, on which I was heavily dependent not only as Mayor of Berlin but in subsequent years." No less revealing was his plea to President Nixon not to bring Japan more closely into the network of Western relationships on the grounds that it would be too complicated. Herr Brandt's was a limited world.

*Similar limitations* come through in domestic policy. It is not true that Herr Brandt was not interested in it. There were times when he could discuss economic and monetary questions with far greater clarity than his economic advisers, including his Economics Minister, Prof Karl Schiller. He had a vision of what he wanted social democracy to achieve. The first phase had been equal civil rights and the second social security for the broad mass of the population. The third had something to do with "participation," but he was unable to put it into words, and it was there that he became woolly. Again perhaps he had reached the end of his road.

Like the man, this is a rambling book full of intriguing scenes along the way. It is interesting to find, for example, that he had the same opinion of Ludwig Erhard as Konrad Adenauer, the man whom Erhard eventually succeeded. "Try nailing a blancmange to the wall!" Adenauer said. Herr Brandt did not dissent from that judgment. It is also striking to see the importance that is attached to France. Throughout, it seems to have been the French rather than the British with whom he had his closest consultations about Europe, and—no less than Adenauer—he regarded that as both right and natural. The British indeed are conspicuous almost by their absence from this book. When they are treated, it is at times with mild contempt. Thus Herr Brandt comments on Sir Harold Wilson:

"Shortly after leaving office he published a comprehensive and almost pedantic account of his official activities between 1964 and 1970. What surprised me was that, Commonwealth ties apart, he dealt with international affairs as if Britain were still a world power."

As for George Brown as Foreign Secretary, Herr Brandt recalls a meeting with him in 1967: "I was greeted by the perplexing and disillusioning plea: 'Willy, you must get us in so we can take the lead.'"

There are vignettes about Leonid Brezhnev who must have had more conversations with Herr Brandt than with any other western leader. Herr Brandt found that he made an "almost dainty" impression and was "vivacious and quasi-Mediterranean in his movements." The verbatim quotes from the talks with the East German leader, Herr Willi Stoph, by contrast, show a dialogue of the deaf, though are no less riveting for that. This kind of political memoir, coming so quickly after the events, has not been written by anyone else, and there are few others who have the experience to do it.

In the end, however, one returns to the limitations. Almost Herr Brandt's most damning epithet is "nineteenth century." It is that which he uses ultimately to deny Adenauer the status of a great man. "The world in the latter half of the twentieth century," he writes, "can never correspond to the 'concert of powers' which determined the politics and diplomacy of the nineteenth." It was his failing—perhaps some would say his appeal—that he never quite articulated what could be put in its place.



Walter Pater, a drawing by Charles Holmes about 1890—from the book reviewed below

## Pater now

BY PETER QUENNELL

**The Case of Walter Pater** by Michael Levey. Thames and Hudson, £8.50. 232 pages

Amid the squalor and gloom of Reading Gaol Oscar Wilde often reflected, he tells us, on Walter Pater's *Studies in the History of Renaissance*, a book that he had first read at Oxford a little more than 20 years earlier, and that had exercised "such a strange influence" over his ill-fated life. Pater had both recommended his reader "to be ever curiously testing new opinions and courting impressions," while never submitting to "a facile orthodoxy," and had celebrated the picturesque sins of the period—"crime for its own sake, a whole octave of fantastic crime, not only under brilliant fashions but with immaculate grace and discretion about them." Pater's "writ of beauty," as his disciple called it, was a somewhat heady doctrine, which Wilde greedily absorbed, and then did his best to put into personal practice. We know the result. Yet, although the disciple succumbed, the master had miraculously escaped, and remained a well-conducted don, whose public pronouncements may have troubled Benjamin Jowett, but who avoided the smallest breath of private scandal.

*The Case of Walter Pater* by the Director of the National Gallery provides a fascinating double portrait. On the one hand, it depicts its subject as a philosophic hedonist devoted to the cult of impressions and sensations and to the pursuit of sensuous enjoyment, whether he found it through literature and the visual arts or in the discreet contemplation of attractive young men; on the other, as a staid and modest personage, circumspect and slightly prim, cared for at a quiet Oxford house by his two unmarried sisters.

His appearance frequently disappointed those who most admired his books. George Moore thought him heavy and uncouth, "like a figure moulded out of lead," and observed that his small eyes shifted quickly; while Frank Harris declared that No. 72, Bradmore Road, might have been a grocer's home, and that the Misses Pater were sadly "colourless" spinsters, and that their conversation around the dinner-table was very far from entertaining.

The middle-aged author of *Marius the Epicurean* had grown a heavy cavalry moustache, which gave him the look, a contemporary once said, of "a retired cavalry officer in poor health." He showed, however, an occasional touch of dandyism. At Oxford often wore an apple-green tie and, when he visited London, affected a smart top-hat, a black jacket, a neatly rolled umbrella and a pair of dog-skin gloves. If he recalled a retired major, the distinguished Rifle Brigade had clearly been his regiment.

Michael Levey describes his hero's character with unfailing skill and sympathy, and against the background of an unadventurous existence traces the evolution of an adventurous and gifted mind. After leaving Oxford, where he had gained a second-class degree, early in the 1860s, Pater considered entering the Church; but a beloved friend, John McQueen, a devout Christian and romantic homosexual versifier, whom he had profoundly shocked "by remarking that it would be fun to be ordained and not believe a single word of what one said," decided that he must take decisive action, and informed the Bishop of London himself that the candidate had already lost his faith. *This perhaps was Pater's worst blow*; he must dearly loved McQueen: but he survived the shock, secured a classical scholarship at Brasenose, and on February 5, 1864, moved into a pleasant set of rooms, which, although he spent much time at the house he shared with his sisters, he would continue to occupy until he died.

Pater's attitude towards the Christian religion remained affectionately ambivalent. Since his boyhood he had adored the ceremonies of the Church; and in later life he managed to combine a keen regard for the faith, reverenced from a more or less aesthetic point of view, with his cult of the "modern idea" and of the kind of visionary neo-paganism that he exalted in his writings. At Oxford he was always a suspect figure; Jowett believed that he had a deleterious influence: but a new generation of undergraduates gladly responded to his spell. He was "the modern idea" personified, a prophet who boldly encouraged the young to seek moral freedom and individual self-fulfilment. Not only should they extend the *frontiers of knowledge* and refuse to embrace a "facile orthodoxy," but they must make a subtle use of all their senses.

How does Pater's reputation stand today? Do undergraduates still read *Marius the Epicurean*, despite some admirable passages an extremely long-winded book, or enjoy *Imaginary Portraits*? At his worst, as in the lengthy prose poem he consecrated to Leonardo's Mona Lisa, whose eyelids, he writes, are a "little weary," and on whose half-smiling face he detects a delicate patina of "strange thoughts and fantastic reveries and exquisite passions," he seems merely to be accumulating decorative phrases. But at his best, for example in *Imaginary Portraits*, where he describes the character of Dutch art and the watery landscape of the Low Countries, he reveals an imaginative insight, a gift of evoking a scene and a mood, that even Ruskin seldom equals.

Pater's story includes few dramatic events; but Michael Levey has produced a continuously interesting narrative. He brings his subject to life without resorting to any twentieth-century pseudo-science, and does not "explain" Pater in terms either of his sexual temperament (which everywhere speaks for itself) or of his social position as an ill-adjusted member of the 19th century middle classes.

I have a single complaint about the book. Its publishers are renowned for a series of splendidly illustrated volumes; but here they have given us only nine plates, not all of them particularly good. If ever a book needed a large array of illustrations, it was *The Case of Walter Pater*. Surely we should have been supplied with photographs of some of the works of art that inspired him and the ancient cities that he visited? As the book costs more than £8, the present allowance of pictures appears remarkably ungenerous.

## In short

**A Diplomatic Affair** by James Horbury. W. H. Allen, £4.40. 192 pages

A lot of people must have wondered a year ago what that poor, nice man, Peter Jay, was letting himself in for when he was dispatched to be Ambassador in Washington. Well, the truth can now be told, courtesy of "James Horbury", a pseudonym for a man who should know, who has produced a novel on diplomatic life in America's capital city.

Mr. Horbury's novel is fluff, pure fluff, but enjoyable. Precisely the sort of book that a traveller might well pick up to while away the eight tedious hours it takes to fly from London to Washington.

JUREK MARTIN

## End of Gulag Archipelago

BY REX WINSBURY

**The Gulag Archipelago** (Volume 3) by Alexander Solzhenitsyn. Collins, £6.50. 588 pages

What can one say about Gulag 3 that is neither irrelevant nor said before? The paramount fact about Solzhenitsyn's trilogy is that it exists at all—that out of the nameless millions that suffered and died in the concentration camps of the Stalinist era one man of iron courage and supreme talent survived to tell the tale—not just his own tale as an ex-convict (others have done that) but collecting together into one vast panorama the fragmentary tales of many, many other survivors.

In this way the memory of the most horrible episode in the history of a country littered with horrible episodes is preserved, not simply published for the Western world to judge and pass by, but preserved for future generations of Russians, those Russians that will have to come to terms with what happened. By his novels and now by the completed trilogy of Gulag, Solzhenitsyn has ensured as no other writer could have done that the mute millions who disappeared did not also disappear into the bureaucratic oblivion represented by the archives of the Soviet secret police.

Because the trilogy is not a set of novels, because Gulag 3 is not First Circle, though kindred to it, one may offer comment, rather than literary criticism. As of the previous volume, it can be said with justice that the hectoring, rhetorical style is a great deterrent to the reader. While showing the passion and indignation with which the trilogy was written, it nevertheless makes sustained reading almost impossible.

Again, it is a pity that this final volume has only appeared in English some ten years after it was first written. The previous volumes appeared here in 1974 and 1975. It is reported that the first volume sold well, but the second did not, thus persuading the publishers to leave a much longer gap before putting out Volume Three. That may be a marketing reason. But if the volumes have the historic importance that they surely do, then they should have been published as soon as possible.

Such matters apart, Solzhenitsyn can say with complete justice that the text was written in the most difficult circumstances while he was still inside the Soviet Union; that he never saw the text all together in one place at one time—it had to be scattered in various hide-outs in case he was raided by the police: and that there would be more lost than gained by trying to revise it now.

The third volume, he also points out in the preface, "will disclose a space of freedom and struggle" to readers who have "found the moral strength to overcome the darkness and suffering of the first two volumes." It is an apt comment. Volume Three tells of acts of defiance, individual and collective, against the brutality of the system. But how many readers have had the "moral strength" to cope in full with the "darkness and suffering" of Vols. Two and Three?

Not that many, one suspects. But it does not really matter. The trilogy stands with Aeschylean grandeur as an enduring monument to those who died.

**Fiction**

## Small is good

BY MARTIN SEYMOUR-SMITH

**The Sweet Dove Died** by Barbara Pym. Macmillan, £4.95. 206 pages
**Resurrection Shuffle** by Angus Wolfe Murray. Peter Owen, £5.25. 190 pages
**The Reservation** by Ward Ruyslinck. Translated from the Dutch by David Smith. Peter Owen, £5.75. 253 pages

The earlier novels of Barbara Pym, who has recently and rightly enjoyed a revival, remind us that the English are very good at writing substantial fiction within very narrow limitations. In *The Sweet Dove Died* (the title is taken from Keats's famous little poem) Miss Pym is less confined to the exploration of conventional (or apparently conventional) life; but this novel is quite as good as any of its predecessors.

Leonora Eyre is a possessive, cunning, selfish but courageous woman: ultimately we are enabled to see her as a human being, and the experience somehow dissolves the uncharitable and moralistic initial judgement which we are likely to have formed. We suddenly see that she is not worse than the other characters—most of whom dislike her—and that she is only making the best of what she has been given by life.

*The Sweet Dove Died* is really about the shattering of Leonora's complacency: it shows how, ever so unobtrusively, she learns her lesson. A slender but highly distinctive and—ultimately—charitable novel: the critics who have recently insisted on Miss Pym's too long neglected gifts have not been wrong.

Angus Wolfe Murray made something of a stir with his first novel *The End of Something Nice* in 1967. Since then little has been heard from him; but he has been busy—as book reviewer, reporter, business man and as a "roadie" on a famous Rock Group's tour of America. Rock is the subject of this, his second novel. The narrator is a rock "musician" (my quotation marks declare my prejudice, if such it is) who is touring America in 1970. The documentary detail—the world of drugs, Black Panthers, student violence, opting out—is accurate and lucidly presented, and the story is well told.

The author understands that huge success is corrupting, and even that art and commerce do not really mix. But his main character, his narrator, lacks conviction. Could this excellent writer—the novel is consistently readable—this thoughtful man, ever have become the monster star which he is?

Still, other readers may well take this skilful work as evidence that there is something truly cultural about rock music, something that is not wholly coarse, hypnotic and degrading. It depends whether one finds the description of the final state of mind of the narrator merely pretentious rhetoric or psychologically acceptable. That there is material for a novel in the phenomenon of rock Angus Wolfe Murray leaves us in no doubt.

Ward Ruyslinck is one of Holland's most accomplished novelists; this is the third of his novels to be translated into English. *The Reservation* is a powerful variation on the now familiar *1984* theme. A schoolmaster, Jonas, tries to protect one of his female pupils from the crude advances of an industrialist, Drexeler. He makes the mistake of giving her shelter, which leads to his being accused of seduction. Eventually, after being sacked, he is taken to the "Reservation." This is an institute for the preservation of eccentrics, endangered species, altruists, poets, platonic lovers, philanthropists.

Ruyslinck does full justice to this horrible theme and the climax of his novel—when the girl Jonas tried to protect, now the industrialist's mistress, visits the institution—is worthy of Orwell. *The Reservation* is said to be set in an "undefined future": but if read metaphorically it feels more as though it were set in the present: those who worry about the proliferation of bureaucracy and about the consequences of "totalitarian democracies" (this problem is touched on) will immediately understand. The blandness of the narration has a peculiarly nauseating power.

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value | Unem-ployed | Vacs. |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 103.2 | 105.2 | 109 | 103.3 | 216.4 | 1,330 | na |
| 2nd qtr. | 101.9 | 103.0 | 108 | 102.5 | 222.0 | 1,330 | 163 |
| 3rd qtr. | 102.7 | 103.7 | 106 | 104.3 | 234.2 | 1,418 | 151 |
| 4th qtr. | 102.2 | 103.2 | 107 | 104.4 | 239.4 | 1,431 | 157 |
| 1978 | | | | | | | |
| 1st qtr. | 103.2 | 104.1 | 109 | 106.3 | 246.0 | 1,409 | 188 |
| Jan. | 102.9 | 103.7 | 106 | 104.9 | 241.0 | 1,419 | 180 |
| Feb. | 103.5 | 104.0 | 118 | 106.8 | 246.5 | 1,409 | 187 |
| March | 103.2 | 104.5 | 103 | 107.0 | 249.6 | 1,400 | 196 |
| April | 104.8 | 105.5 | | 106.7 | 250.3 | 1,387 | 204 |
| May | | | | 108.4 | 255.2 | 1,366 | 210 |
| June | | | | | | 1,365 | 217 |

**OUTPUT**—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

| | Consumer goods | Invst. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 115.9 | 99.4 | 106.1 | 100.4 | 83.9 | 104.4 | 19.9 |
| 2nd qtr. | 113.4 | 97.5 | 105.2 | 98.7 | 80.5 | 100.2 | 25.1 |
| 3rd qtr. | 115.1 | 98.0 | 104.7 | 99.6 | 83.3 | 100.7 | 25.4 |
| 4th qtr. | 117.9 | 97.5 | 101.9 | 99.1 | 74.8 | 99.7 | 20.7 |
| Dec. | 118.0 | 98.0 | 103.0 | 100.0 | 79.0 | 101.0 | 16.1 |
| 1978 | | | | | | | |
| 1st qtr. | 117.1 | 98.6 | 104.9 | 100.2 | 76.8 | 100.2 | 17.8 |
| Jan. | 117.0 | 99.0 | 104.0 | 100.0 | 75.0 | 100.0 | 17.4 |
| Feb. | 117.0 | 98.0 | 106.0 | 100.0 | 78.0 | 100.0 | 15.3 |
| March | 118.0 | 99.0 | 104.0 | 101.0 | 78.0 | 101.0 | 20.7 |
| April | 119.0 | 99.0 | 108.0 | 100.2 | 81.0 | 102.0 | 25.3 |

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv. US$bn* |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 115.7 | 109.1 | −947 | −493 | −800 | 99.0 | 10.5 |
| 2nd qtr. | 118.9 | 109.8 | −794 | −365 | −745 | 100.3 | 14.9 |
| 3rd qtr. | 124.1 | 108.4 | + 54 | +357 | −602 | 101.0 | 13.4 |
| 4th qtr. | 117.9 | 102.6 | + 45 | +486 | −657 | 102.4 | 20.39 |
| 1978 | | | | | | | |
| 1st qtr. | 120.3 | 114.3 | −574 | −305 | −646 | 105.1 | 20.68 |
| Jan. | 112.2 | 114.6 | −338 | −248 | −236 | 105.5 | 20.57 |
| Feb. | 127.4 | 111.3 | + 43 | +132 | −202 | 104.8 | 20.7 |
| March | 121.4 | 116.9 | −279 | −189 | −208 | 104.8 | 20.32 |
| April | 126.1 | 103.0 | +223 | +343 | −115 | 104.0 | 17.04 |
| May | 120.1 | 112.5 | −169 | − 49 | −109 | 105.2 | 16.68 |
| June | | | | | | | 16.54 |

***FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit: all seasonally adjusted. Minimum lending rate (end period).*

| | M1 % | M3 % | Bank advances % | DCE £m | BS inflow | HP lending | MLR % |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 1.3 | − 8.8 | 5.3 | − 74 | 492 | 1,008 | 10½ |
| 2nd qtr. | 24.8 | 14.9 | 8.5 | +769 | 1,290 | 1,047 | 8 |
| 3rd qtr. | 28.0 | 10.4 | 20.3 | +365 | 1,084 | 1,149 | 7 |
| 4th qtr. | 25.1 | 12.6 | 8.3 | +698 | 1,365 | 1,189 | 7 |
| 1978 | | | | | | | |
| 1st qtr. | 25.1 | 24.2 | 17.5 | +1,619 | 1,049 | 1,260 | 6½ |
| Jan. | 23.2 | 17.3 | 13.4 | 258 | 388 | 429 | 6½ |
| Feb. | 26.8 | 25.5 | 18.0 | 963 | 353 | 418 | 6½ |
| March | 25.1 | 24.2 | 17.5 | 598 | 308 | 413 | 6½ |
| April | 19.1 | 24.7 | 13.1 | 1,437 | 335 | 463 | 7 |
| May | 13.2 | 15.6 | 18.8 | 1,086 | 212 | 471 | 9 |
| June | | | | | | | 10 |

**INFLATION**—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

| | Earn-ings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | FT* comdty. | Strlg. |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 112.5 | 341.3 | 248.0 | 174.1 | 184.7 | 276.4 | 61.8 |
| 2nd qtr. | 114.5 | 347.7 | 259.2 | 181.9 | 191.1 | 250.0 | 61.6 |
| 3rd qtr. | 118.1 | 340.5 | 267.7 | 184.7 | 192.1 | 239.9 | 61.8 |
| 4th qtr. | 119.9 | 330.6 | 272.1 | 187.4 | 193.3 | 234.20 | 63.3 |
| 1978 | | | | | | | |
| 1st qtr. | 123.1 | 326.7 | 279.0 | 190.6 | 197.3 | 238.61 | 64.6 |
| Jan. | 121.5 | 324.9 | 277.1 | 189.5 | 196.1 | 226.41 | 66.0 |
| Feb. | 122.7 | 324.2 | 279.2 | 190.6 | 197.3 | 224.86 | 66.0 |
| March | 125.0 | 331.0 | 280.6 | 191.8 | 198.4 | 238.61 | 64.1 |
| April | 127.2 | 337.5 | 282.8 | 194.6 | 201.6 | 238.94 | 61.8 |
| May | | 341.8 | 284.4 | 195.7 | 203.2 | 250.67 | 61.5 |
| June | | | | | | 242.27 | 61.5 |

* Not seasonally adjusted.

# WORLD STOCK MARKETS

# Broad Wall St. retreat on economic fears

**INVESTMENT DOLLAR PREMIUM**

$2.60 to £1—112¾% (112½%)
Effective $1.8700—53% (53½%)

IN THE face of a gloomy outlook for the U.S. economy and inflation and weakness in the dollar, the Wall Street Stock Market retreated across a broad front yesterday in fairly active trading.

The Dow Jones Industrial Average receded 7.10 to 805.79 and the NYSE All Common Index fell 46 cents to $53.00, while declines outpaced gains by 1,119 to 369. Turnover came to 23.73m shares, up sharply from the 11.56m total for Monday when trade was severely limited by holiday influences.

The Conference Board forecast a slowing in real economic growth to 3.3 per cent in 1979 from an estimated 3.8 per cent this year, while inflation was forecast at a 6.7 per cent rate next year, up from the 6.6 per cent pace expected this year.

In addition, traders returning from Tuesday's fourth of July below Monday's levels.

Also, a published report said the number o fWall Street economists who expect a recession later this year or in 1979 is increasing.

Commenting on the market's weakness, Palph Acampora, of Smith Barney Harris Upham, stated that although predictions of a recession are not new, "the reality of it is sinking in."

Monte Gordon, of Dreyfus and Co., commented that the effect of the bleak, economic news is a "dashing of hopes raised in April" that inflation and interest rates would peak later this year and that any economic slowdown would be mild.

IBM rose ⅞ to $257¾ but Memorex fell 1⅝ to $42⅞—a U.S. District Court judge in San Francisco declared a mis-trial in the $1bn anti-trust suit brought by Memorex against IBM after jurors said they were unable to reach a unanimous verdict.

Eastman Kodak declared that it would appeal against an $87.1m judgment in a suit brought by Berkey Photo. Kodak fell 1¼ to $51½ but Berkey put on ¼ to $8½.

Metro-Goldwyn-Mayer added ⅞ at $39½ on third-quarter profits which exceeded the company's expectations.

El Paso lost ⅛ to $15⅞ and Tenneco ⅝ to $30—Sonatrach, the Algerian State oil company, because of delays in U.S. approval of contracts, is to sell to West Germany the natural gas it had planned to sell to the two U.S. concerns.

Rowan advanced 1⅞ to $22⅞—Chicago Bridge and Iron, down ¼ at $53, has begun its offer to buy Rowan shares at $24.50 each.

A number of leading Metal issues were under pressure—U.S. Steel lost ⅜ to $25⅜, Bethlehem also ⅜ to $22⅜, and Armco Steel ⅛ to $29⅛, while Alcoa shed ⅛ to $41. Kaiser Aluminium 1⅛ to $30⅞ and Reynolds Metals ⅞ to $28⅛.

After some copper producers cut prices 2 cents per lb, Kennecott shed ⅛ to $22⅛, Phelps Dodge ⅛ to $19⅞ and Asarco ⅛ to $13⅛.

American Telephone receded ⅛ to $59⅛, Squibb $1 to $33⅞ and Mobil $1 to $60⅛, all in active trading.

THE AMERICAN SE Market Value Index declined 0.64 to 144.90 on volume increased to 2.84m shares from Monday's extremely low level of 1.53m.

Resorts International "A" jumped $12⅞ to $86 and led the actives list, while the "B" stock gained $12 to $80—the company reported that net takings for the month of June at its new Atlantic City casino exceeded by 22 per cent the amount set in the first week of operation in late May.

## Tokyo

The continued strengthening of the yen caused some export-orientated issues to soften but resulted in good demand for oil distributors and domestic industry stocks, such as consumer goods related issues, while speculative shares also met buying attention.

The overall market result was a rise in the Nikkei-Dow Jones Average of 14.33 to 5,576.34 and a gain of 0.86 to 419.66 in the Tokyo SE index, while rises led losses by about a five-to-four ratio. Trading volume was an active 400m shares (350m).

Motors tended lower, Nissan Motor receding Y10 to Y789 and Toyota Motor Y9 to Y906, but Electricals improved. TDK Electronic rising Y60 to Y2,320, Pioneer Electronic Y40 to Y1,830, Alps Electric Y50 to Y1,050 and Sony Y10 to Y1,700.

Elsewhere, Osaka Oxygen advanced Y84 to Y540, Taihei Dengyo Kaisha Y50 to Y1,100, Trio-Kenwood also Y50 to Y750 and Koatsu Gas Kogyo Y47 to Y532.

On the other hand, Shiseido lost Y40 to Y1,200, Nippon Chemiphar Y30 to Y1,190, Osaka Soda, Y20 to Y315, Sawafuji Electric Y17 to Y273 and Fuji Photo Film Y15 to Y530.

## Australia

Stock prices again showed no clear trend, in the absence of Overseas interest and with recent strong local demand abating.

Among Coal stocks, Coal and Allied gained 12 cents more to A$4.30, partly in belated reaction to recent coal sales to South Korea and Israel. Thiess advanced 11 cents to A$2.86 on hopes that it can fill some of the contract gaps opened up by the strike-bound Utah, which retreated 9 cents to A$3.98.

White Industries were strong, rising 12 cents to A$1.90—the company is reportedly seeking partners to finance the expansion of its coal operation in northern New South Wales.

Expectations that Japan will cut iron ore shipments and demand lower prices led to a fall of 10 cents to A$2.20 in Hamersley.

Among Uraniums, Pancontinental added 20 cents at A$14.80 and Peko-Wallsend 10 cents at A$5.60, but Queensland Mines shed 5 cents more to A$2.55.

Tins were firmer, but elsewhere in Minings, Western Mining reacted another 5 cents to A$1.53 and CRA declined 4 cents to A$2.48.

Industrial leader BHP, after an early rise to A$7.30, came back to A$7.22, unaltered on balance.

In Properties, Westfield met good demand and moved ahead 15 cents to A$4.20—there is widespread speculation that Westfield shares are going to be split.

## Hong Kong

Market showed renewed buoyancy yesterday in brisk trading, with the Hang Seng index advancing 10.00 to 574.72.

Swire Pacific led Blue-Chips with a 45 cents advance to HK$9.15, while Hong Kong Bank and Jardine Matheson rose 30 cents apiece to HK$18.90 and HK$16.50 respectively. Hong Kong Land put on 20 cents to HK$10.70, Hutchison Whampoa 15 cents to HK$6.40 and Wheelock Marden 5 cents to HK$3.625.

Elsewhere, Hong Kong Telephone moved ahead HK$1.25 to HK$35.25, Hong Kong Wharf 90 cents to HK$23.90, China Light 40 cents to HK$26.20 and New World 7.50 cents to HK$2.30.

## Canada

Stocks were predominantly lower following fairly active conditions yesterday. The Toronto Composite Index receded 5.3 to 1,118.3, while Metals and Minerals retreated 13.4 to 911.4, Oils and Gas 7.5 to 1,401.1 and Utilities 0.26 to 178.40, but Golds advanced 18.5 further to 1,445.1 and Banks put on 0.90 to 275.14.

Ashland Oil Canada gained 3⅛ to $27—its U.S. parent said that it has received "serious expressions of interest" for Ashland Oil Canada. Dome Petroleum said it has no interest in acquiring the company.

STS International rose 4 cents to 19 cents on higher nin-months earnings.

## Germany

Share prices eased on a technical reaction to recent gains, the Commerzbank index losing 4.4 to 790.0.

In leading Banks, Deutche Bank shed DM 3. BBC and Siemens shed DM 4 and DM 3 respectively in Electricals, while Motors had BMW down DM 3.50. Among Engineerings, MAN and KHD were respectively DM 4.90 and DM 3 lower.

Dealers said the market in fixed-interest securities continued to firm in line with expectations, with rises of up to 30 pfennigs being recorded. The Regulating Authorities sold a nominal DM 33.9m worth of paper, compared with DM 19.8m sales the previous day. Mark Foreign Loans remained steady.

## Paris

Bourse prices mainly moved only marginally either way in light volume as investors awaited the outcome of the European Council meeting in Bremen, which takes place today and tomorrow.

Banks, Foods, Electricals and Stores were irregular, while Steels, Chemicals and Constructions were steady but Engineerings and Oils were easier-inclined.

La Redoute SA, despite announcing a 13 per cent rise in first-quarter sales, declined 5 to FFr 530.

Among the few notable gains were Carrefour, up 48, at FFr 1,583, Poclain, 3.5 higher at FFr 216.0, and Bouygues, 11 firmer at FFr 900, but Pechiney declined 1.2 to FFr 83.5 and Paribas 1.0 to FFr 183.5.

## Amsterdam

Stock continued to show an easier tendency in light trading.

However, KLM strengthened a further 6.2 to Fl. 135.7, responding to the announcement of favourable profit prospects.

Also gaining ground against the downtrend were AMEV, up 1.1 at Fl 81.7, Gist Brocades, 1.0 higher at Fl 37.0, and Ballast Nedam Contracting, 3.5 firmer at Fl 107.5.

State Loans further declined.

## Johannesburg

Golds were generally firmer in fairly active trading, mainly reflecting London buying which was prompted by a weaker securities rand.

## NEW YORK

† Bid. ‡ Asked. § Traded. ¶ New stock.

## EUROPEAN OPTIONS EXCHANGE

| Series | | July Vol. | July Last | Oct. Vol. | Oct. Last | Jan. Vol. | Jan. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| ABN | F340 | — | — | — | — | 2 | 28 | F364 |
| AKZ | F30 | — | — | — | — | 6 | 3.20 | F28.70 |
| AKZ | F32.50 | — | — | 1 | 1 | 15 | 2.10 | " |
| EK | $45 | — | — | 1 | 8⅛ | — | — | $52¼ |
| EK | $50 | 6 | 3 | 20 | 4⅜ | — | — | " |
| EK | $60 | — | — | 11 | 1¼ | 5 | 2½ | " |
| HO | F32.50 | — | — | — | — | 1 | 4.10 | F32 |
| HO | F35 | — | — | 10 | 1.40 | 6 | 2.70 | " |
| IBM | $260 | 2 | 3 | — | — | — | — | $257¾ |
| IBM | $280 | 30 | ¼ | — | — | — | — | " |
| KLM | F140 | — | — | 2 | 26.50 | 3 | 28 | F153 |
| KLM | F150 | — | — | 3 | 18 | 23 | 26 | " |
| KLM | F160 | 78 | 3 | 38 | 12.50 | 15 | 18.50 | " |
| KLM | F170 | 68 | 1.40 | 49 | 9 | — | — | " |
| KLM | F180 | 46 | 1.10 | 74 | 7 | 22 | 9 | " |
| KLM | F190 | 10 | 0.60 | 3 | 5.00 | 1 | 8 | " |
| KLM | F200 | 1 | 0.20 | 30 | 3.40 | 57 | 6 | " |
| KLM | F220 | — | — | 3 | 1.60 | 29 | 4.10 | " |
| NN | F98.90 | — | — | 44 | 3.80 | 25 | 5 | F97.90 |
| NN | F108.90 | — | — | — | — | 7 | 2.10 | " |
| NN | F118.90 | — | — | — | — | 4 | 1.50 | " |
| PHI | F25 | 65 | 1.20 | 124 | 1.50 | — | — | F26.10 |
| PHI | F27.50 | — | — | 57 | 0.70 | 27 | 1.50 | " |
| PRD | $40 | — | — | 2 | 2 | — | — | $35¼ |
| RD | F130 | 8 | 1.80 | 5 | 4.10 | 5 | 5.20 | F130.20 |
| RD | F140 | — | — | 20 | 1.20 | 6 | 2.20 | " |
| UNI | F110 | 3 | 10.30 | — | — | — | — | F120.30 |
| UNI | F120 | 7 | 1.50 | — | — | — | — | " |
| | | Aug. | | Nov. | | Feb. | | |
| SLB | $90 | 5 | ⅜ | — | — | — | — | $81½ |

## BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 10 % |
| Allied Irish Banks Ltd. | 10 % |
| American Express Bk. | 10 % |
| Amro Bank | 10 % |
| A P Bank Ltd. | 10 % |
| Henry Ansbacher | 10 % |
| Banco de Bilbao | 10 % |
| Bank of Credit & Cmce. | 10 % |
| Bank of Cyprus | 10 % |
| [Ba]nk of N.S.W. | 10 % |
| Banque Belge Ltd. | 10 % |
| Banque du Rhone | 10 % |
| Barclays Bank | 10 % |
| Barnett Christie Ltd. | 11 % |
| Bremar Holdings Ltd. | 11 % |
| Brit. Bank of Mid. East | 10 % |
| ■ Brown Shipley | 10 % |
| Canada Perm't. Trust | 10 % |
| Capital C & C Fin. Ltd. | 10 % |
| Cayzer Ltd. | 10 % |
| Cedar Holdings | 10½% |
| ■ Charterhouse Japhet | 10 % |
| Choulartons | 10 % |
| C. E. Coates | 11 % |
| Consolidated Credits | 10 % |
| Co-operative Bank | *10 % |
| Corinthian Securities | 10 % |
| Credit Lyonnais | 10 % |
| The Cyprus Popular Bk. | 10 % |
| Duncan Lawrie | 10 % |
| Eagil Trust | 10 % |
| English Transcont. | 11 % |
| First Nat. Fin. Corpn. | 12 % |
| First Nat. Secs. Ltd. | 12 % |
| ■ Antony Gibbs | 10 % |
| Greyhound Guaranty | 10 % |
| Grindlays Bank | ‡10 % |
| ■ Guinness Mahon | 10 % |
| ■ Hambros Bank | 10 % |
| ■ Hill Samuel | §10 % |
| C. Hoare & Co. | †10 % |
| Julian S. Hodge | 11 % |
| Hongkong & Shanghai | 10 % |
| Industrial Bk. of Scot. | 10 % |
| Keyser Ullmann | 10 % |
| Knowsley & Co. Ltd. | 12 % |
| Lloyds Bank | 10 % |
| London Mercantile | 10 % |
| Edward Manson & Co. | 11½% |
| Midland Bank | 10 % |
| ■ Samuel Montagu | 10 % |
| ■ Morgan Grenfell | 10 % |
| National Westminster | 10 % |
| Norwich General Trust | 10 % |
| P. S. Refson & Co. | 10 % |
| Rossminster Ltd. | 10 % |
| Royal Bk. Canada Trust | 10 % |
| Schlesinger Limited | 10 % |
| E. S. Schwab | 11½% |
| Security Trust Co.Ltd. | 11 % |
| Shenley Trust | 11 % |
| Standard Chartered | 10 % |
| Trade Dev. Bank | 10 % |
| Trustee Savings Bank | 10 % |
| Twentieth Century Bk. | 11 % |
| United Bank of Kuwait | 10 % |
| Whiteaway Laidlaw | 10½% |
| Williams & Glyn's | 10 % |
| Yorkshire Bank | 10 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

# U.S. zinc price up 1.5 cents

By John Edwards, Commodities Editor

RISE of 1.5 cents in its U.S. domestic zinc price to 30.5 cents a lb. for prime western grade was announced yesterday by Asarco, one of the leading U.S. zinc producers. The increase follows close on a cut of 2 cents in the U.S. zinc price at the end of last month, rescinding a rise earlier in June.

The news had a brief impact on the London Metal Exchange zinc market, which since it has already been largely discounted. Values have risen steadily during the past week. Cash zinc closed £1 higher at £308.25 a tonne, compared with £297 last week.

Asarco also announced that it is following the downtrend in U.S. domestic copper price, initiated last week by Duval and Phelps Dodge.

It is cutting the copper price by 2 cents to 63 cents a lb. Similar reductions were announced by two other U.S. producers, Newmont and Inspiration.

Meanwhile, Reuter reported that a meeting between the employers and the union at the Capper Pass tin smelter in Hull failed to reach agreement on a solution to the dispute over shift pay, according to a union official. The final stage of the agreed disputes procedure, a meeting of the joint industrial council for the chemical industry, will now be invoked, and will take place on July 19.

Workers at the smelter however returned to work on Tuesday after voting to do so at a mass meeting on Monday. Following this decision Capper Pass lifted its force majeure on sales contracts and purchases of concentrates.

# India expects big sugar crop

By Our Commodities Staff

INDIAN SUGAR output for the 1977-78 season is expected to reach 6.5m tonnes, the Government announced yesterday. This is 35 per cent more than the 4.8m tonnes produced last year. Domestic demand is estimated at 4m tonnes and India's export allowance under the International Sugar Agreement is 650,000 tonnes.

The new figure is 200,000 tonnes lower than the latest F. O. Licht estimate and compares with the 5.7m to 6m tonnes forecast by the U.S. Department of Agriculture in May.

In Brussels, the EEC Commission authorised exports of 46,700 tonnes of white sugar compared with 35,250 tonnes at its weekly export tender.

The maximum export subsidy was raised to 26.348 units of account a 100 kilos from 25.825.

# EEC may challenge UK fisheries controls

BY MARGARET VAN HATTEM

BRUSSELS, July 5.

THE EEC COMMISSION has responded coolly to Britain's decision to introduce unilateral fisheries conservation measures within its 200-mile limits.

Mr. Finn Gundelach, the Fisheries Commissioner, indicated last night that at least two of the four measures are likely to be challenged.

In fact, in a letter forwarded to UK Government representatives here last night, he refused to accept that Britain had sought approval for these measures.

References to them in the Government's letter to the Commission seeking approval for its action, as required by Community rules, were taken as an indication of intent, not of formal notification, he said. It would be "regrettable" if the British authorities envisaged applying such measures.

The two measures in question concern the widening of the so-called Norway pout box, an area where industrial fishing is banned, and the introduction of the 70-millimetre minimum mesh net for scampi fishing.

On the other two measures—a herring ban off the west coast of Scotland and a reduction in the maximum allowable by-catch of protected species in small mesh fisheries—the Commission withheld its judgment and merely requested further information.

The matter is expected to be raised at the European Parliament on Friday and Mr. Gundelach is not expected to give his ruling before July 24, when the Council of Agriculture Ministers are due to meet in Brussels.

But Commission sources indicated some time ago that any attempt by Britain unilaterally to widen the pout box by more than one degree east would be rejected. The UK decision to widen it by two degrees is seen here as a deliberate challenge.

Under the terms of The Hague Agreement of October, 1976, a member state may introduce unilateral measures providing they are urgent, necessary, non-discriminatory and temporary, and providing the Government in question seeks Commission approval (although it does not have to wait for a reply).

Commission sources indicated today that there are serious doubts whether the British measures fulfil all these requirements.

Observers here suggest the Commission is unlikely to challenge the ban on herring fishing off the west coast of Scotland, since it had earlier proposed such a ban itself.

But it is clearly annoyed by the UK decision to introduce it now since, possibly as a result of pressure from other member states, it withdrew the proposal saying that the scientific evidence on which it was based needed further examination.

# Warning of herring price increase

BY RICHARD MOONEY

BRITAIN'S UNILATERAL ban on herring fishing off the west coast of Scotland, which came into effect at midnight, may have to last "quite some time" and is bound to force retail prices higher, Mr. John Silkin, Minister of Agriculture, warned yesterday.

But he said prices would have climbed even higher eventually had no action been taken. Industry sources have estimated that kippers could soon be costing more than £1 a pound as UK merchants are forced to bid against competitors from richer European countries for imports.

Mr. Silkin, who was speaking at Heathrow Airport on his return from informal fisheries talks in Norway, regretted the hardship the temporary loss of the herring fishery would cause in Scottish fishing communities. "Someone is always hit by conservation measures" he stated. "In this case there was an urgent necessity to take action."

The ban would also hit Norwegian fishermen but the sympathetic and understanding response it received in Norway contrasted with the "sharp reactions" of Britain's Danish and German EEC partners, the Minister said. He also noted that the Dutch had not reacted adversely.

Norway was evidently not one of those countries which regarded conservation as "a political game." Mr. Silkin observed.

"The atmosphere at my talks in Oslo were rather better than I could have hoped," he said. "We have established a mutual understanding which could prove extremely valuable in the future."

The talks were not aimed at negotiating any formal agreements and there was no question of negotiating any "swap deals" on fish resources, Mr. Silkin declared. But a useful exchange of ideas took place on conservation and enforcement policies.

He said he was very tempted by the "one net rule" which would prevent vessels from carying nets of different mesh sizes and which was hinted at when the conservation package was announced on Monday. This rule would prevent industrial (fishmeal) fishers excusing illegally high by-catches of human consumption species by claiming they were caught in larger-meshed nets.

The Norwegians are themselves considering imposing such a rule but are also examining alternative ways of achieving the same end. These have been passed on to Mr. Silkin and will now be studied by Ministry of Agriculture experts before any final decision is taken. Mr. Silkin stressed that this was a question of enforcement not conservation.

# MP attacks food policy 'racket'

By Christopher Parkes

MORE THAN £5bn of the Common Market's budget will be spent on disposing of the EEC's surplus food production this year, Mr. Nigel Spearing, MP and chairman of the Safeguard Britain Campaign, charged last night.

"This is really a racket," he said, adding that the Common Agricultural Policy damaged world food production. "I would call it an evil and selfish policy," he told a meeting at Leamington.

Dumping surpluses undermined food production elsewhere. "Far from adding to total world supplies these subsidised sales could have the effect of cutting world food capacity."

Mr. Spearing, whose organisation represents the remnants of the campaign against British entry to the EEC, claimed questions in the House of Commons had revealed that the Community expected to dispose of more than 11m tonnes of grain in the EEC and outside at a cost of £800m in subsidies.

About £1.4bn was to be spent on dairy surplus disposals and getting rid of 2.5m tonnes of excess sugar would cost more than £500m.

Mr. Richard Body, MP, another campaigner, warned that UK farmers' ability to expand was threatened by EEC surpluses.

# Lamb curbs may hit UK investments

By Chris Sherwell

MR. BRIAN TALBOYS, New Zealand's Deputy Prime Minister and Foreign Minister, yesterday warned that the EEC's proposal to regulate the Community market for mutton and lamb could seriously affect British business as well as consumer interests, quite apart from its impact on New Zealand.

He told journalists in London that the heavy British investment in New Zealand's meat processing industry, in the provision of shipping and insurance services and in the handling and retailing could be damaged.

Mr. Talboys, now in the fifth week of a tour of Community capitals, said in every country he had visited he had been told the proposed regime was not aimed at New Zealand lamb exports, which "presented no problem," but at solving an intra-Community problem of "discrimination exercised by one member state against the products of another."

## Restraint

He had been assured that the New Zealand lamb trade would not be damaged, but added that the operation of existing Community regimes gave "little ground for confidence" that his country's interests would be protected over the longer term.

Confessing that New Zealand had no sanction against the Community to prevent its proposal going ahead, Mr. Talboys said the real restraint must come from Community consumers who wanted to buy New Zealand lamb because of its price and quality.

LONDON WOOL FUTURES

# Last chance for a moribund market

BY JOHN EDWARDS, COMMODITIES EDITOR

ON MONDAY the London Wool Terminal Association will make a new, and probably its last, effort to launch a viable wool futures market.

Putting it bluntly, the present merino wool futures in London, relaunched in 1974 with new contract terms to replace a previously dormant market, has been a failure.

It had a reasonable run to begin with. But trading activity dried up when Australian wool prices slumped after the 1974 boom and have remained depressed close to the "floor" price levels set up by the support buying system used by the Australian Wool Corporation to prevent farmers being forced out of business.

This lack of price movement sounded the death knell for the London futures market, since it meant that the trade did not need to safeguard itself against rising prices or supply shortage, and there was no attraction for speculators either.

However, a noticeable feature of the world wool trade in recent years has been growing demand for crossbred wools. These are basically the coarse wools used primarily in carpets, blankets and woollen goods.

Merino wool is fundamentally used for clothes—a market which tends to be more sensitive to overall economic trends and has obviously suffered from the recent years of industrial depression.

Some of the finer crossbred wools are similar to merino and used in clothes. They have benefited from the fashion trend recently in favour of coarse knitwear—the tweedy look. But the lower quality crossbreds used in carpet manufacture are almost a totally different commodity to merino wools.

Seeking to hedge price risks for these crossbreds on a merino futures market can, therefore, be a disastrous exercise.

On occasions merino prices have been going up while coarse crossbreds have been going down, and vice-versa. In these circumstances any potential losses would be magnified rather than minimised by hedging on the futures market.

According to the International Wool Textile Organisation, production of apparel wool in 1977-1978 totalled 1,888,000 tonnes out of total wool output of 2,507,000 tonnes, leaving 619,000 tonnes of other wool, mainly used for carpet manufacture.

But it is claimed that actual users and traders of crossbred wool in Western Europe are more numerous, since merino wool buyers tend to be concentrated in fewer, larger, units.

The smaller manufacturers and traders require hedging facilities most urgently since they often do not have the financial resources to cover losses created by unpredictable price fluctuations.

At the same time crossbred wool prices have tended to move more erratically than merino in recent years. The New Zealand Wool Corporation has a support system, similar to that in Australia, to ensure its farmers receive a price for their wool at auctions adequate to keep them in business.

Demand for crossbred wool seems to have eased slightly during the past season, and the New Zealand Corporation has built up a surplus stockpile of about 200,000 bales. This compares with over 900,000 bales held by the Australian Wool Corporation, which are spread around the consuming countries.

Manufacturers in these countries can keep low stocks, knowing extra supplies are immediately available. It is all part of the battle against competition from synthetic fibres, whose surplus capacity has forced prices down to low levels and hit wool consumption.

Sentiment in Bradford is reported by one trader to be "suicidal" at present—hardly the best time to launch a new futures market.

But the new London contract, which claims to be the first ever crossbred futures market, has received promises of support from the trade and encouragement from the New Zealand Wool Board. Appraisal of wool tendered, for example, is to be based on the board's standards.

It remains to be seen whether the wool trade in Europe has got out of the habit of hedging on futures markets. Or whether the provision of a crossbred contract will at least revive some interest in the moribund London market.

FRENCH SHEEP FARMING

# Updating drive loses momentum

BY CHRISTOPHER PARKES

ENTHUSIASM FOR France's national plan for developing its sheep industry appears to be tailing off, and although the country's output of lamb is still increasing, the trend towards rationalisation of the industry is slowing.

The drive began in 1970 with moral and administrative backing from the Ministry of Agriculture and money from the Treasury.

Farmers were to be encouraged to sharpen up their husbandry and improve the quality of the product. Help came in the form of advice, technical assistance and grants for farmers who formed self-help groups and co-operatives.

In 1968 there were four groups in the whole of France. By 1972 there were 43 in the whole of France, representing fewer than 5,000 farmers out of a total stock of sheep producers numbering 150,000 at least.

At that time they produced 8,000 tonnes of mutton and lamb a year—some 6 per cent of the total French output.

Now more than 9,000 farmers—registered members of 78 producer groups—produce some 25,000 tonnes of meat a year. This represents 17 per cent of national output.

The French Ministry of Agriculture reports that more than 50 per cent of all the farmers whose main enterprise is from sheep are now members of producer groups.

The top 10 per cent of farmer have 50 per cent of the national flock on their holdings—an average of about 200 breeding ewes each.

The other side of the industry, however, has a much less streamlined look. While most of the national flock is in the hands of the large-scale farmers and the efficient producer groups, many thousands of small subsistence farmers populating the uplands depend heavily on their tiny flocks for an important part of their meagre income.

A census held in 1975 showed there were 152,000 farms with sheep in France. The total breeding herd was 8m ewes of two years of age or over.

But the census showed that 60 per cent of the farmers possessing sheep owned a mere 9 per cent of the national flock—90,000 farmers with fewer than 8 breeding ewes each.

Further light has been thrown on the intricacies of the industry structure by more recent research showing that many of the big farmers in rich arable regions such as the Paris Basin, Champagne and the Nord, have given up sheep rearing.

They have found far greater profits in the grain markets, for example. They have also had difficulties finding labour able or willing to work with sheep.

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Modestly firmer. After an initial rise to £719 on the early pre-market, which reflected short covering and expectations of a higher Comex, sentiment was reversed with forward metal easing back to close at £715.5 on the late kerb. The early bullishness stemmed from the recent weakness of the dollar which prompted hopes of U.S. currency hedge buying. Turnover 12,650 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £697, three months £719, 18.5, 18, 18, 17.5. Cathodes, three months £713.5. Kerb: Wirebars, cash £697, three months £717.5, 17. Afternoon: Wirebars, three months £716, 16.5, 16. Kerb: Wirebars, three months £716.5, 16.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 697-.5 | +3 | 695-6 | +2.5 |
| 3 months | 717-.5 | +3 | 716-.5 | +2.5 |
| Settl'm'nt | 697.5 | +3 | — | ...... |
| Cathodes | | | | |
| Cash | 693.5-4 | +3 | 691.5-2.5 | +2.5 |
| 3 months | 713.5-4 | +3 | 711.5-2.5 | +2.25 |
| Settl'm'nt | 694 | +3 | — | ...... |
| U.S. Smt. | — | ...... | *66.5-68 | ...... |

TIN—Firmer but quiet. A rise in the Penang price coupled with European physical demand saw forward metal move up to £6,570 on the pre-market but this level attracted hedge selling which lowered the price to £6,550. In the afternoon values moved erratically with forward material dipping to £6,520 then rising to £6,530 prior to closing at £6,530 on the late kerb. The late rally was attributed to some U.S. physical demand while the backwardation narrowed to around £70. Turnover 1,265 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6630-40 | ...... | 6600-15 | +35 |
| 3 months | 6575-85 | +30 | 6570-80 | +65 |
| Settlem't | 6640 | ...... | — | ...... |
| Standard | | | | |
| Cash | 6630-40 | +2.5 | 6600-15 | +37.5 |
| 3 months | 6545-50 | +12.5 | 6545-50 | +62.5 |
| Settlem't | 6640 | +5 | — | ...... |
| Straits E. | †$1720 | +15 | — | ...... |
| New York | — | ...... | — | ...... |

Morning: Standard, cash £6,650, 40, three months £6,570, 55, 50, 45. High Grade, cash £6,650, 45. Kerb: Standard, three months £6,545, 30. Afternoon: Standard, three months £6,530, 20, 25, 30, 40, 50. Kerb: Standard, three months £6,530, 35.

LEAD—Unchanged and very quiet. After moving ahead to £320 on the pre-market influenced by the upturn in copper forward metal drifted back to close at £314.5 on the late kerb. Turnover 3,450 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 305.5-6 | +1.25 | 306-.5 | +.75 |
| 3 months | 315.5-6 | +1.5 | 315.5-6 | ...... |
| Sett'lm'nt | 306 | +1 | — | ...... |
| U.S. Spot. | — | ...... | 31-33 | ...... |

Morning: Three months £320, 19.5, 17, 16.5, 16, 15.5, 16. Kerb: Three months £316.5. Afternoon: Three months £316. Kerb: Three months £315.5.

ZINC—Gained further ground. [illegible]

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]





## SILVER

[illegible]

## COTTON

[illegible]

## COFFEE

Robustas opened unchanged but the weight of dealer selling soon forced values lower, Drexel Burnham Lambert reports. In the afternoon weakness in New York caused buyers in London to back away and the market eased further stop-loss liquidation and the close saw values finish just off the lows, £50 lower on balance.

[illegible]

## GRAINS

[illegible]

## COCOA

[illegible]

## RUBBER

STEADIER opening on the London physical market. Good demand throughout the day, closing on a firm note. Lewis and Peat reported a Malaysian godown price of 229 (228) cents a kilo nominal buyer.

[illegible]

## SOYABEAN MEAL

[illegible]

## SUGAR

[illegible]

## WOOL FUTURES

[illegible]

## MEAT/VEGETABLES

SMITHFIELD (Pence per pound)—Beef: Scottish killed sides 56.0 to 58.0; Ulster hindquarters 70.0 to 73.0, forequarters 35.0 to 37.0; Eire hindquarters 70.0 to 73.0, forequarters 35.0 to 37.0.

Lamb: English small 60.0 to 63.0, medium 60.0 to 64.0, heavy 58.0 to 62.0. Imported frozen: NZ PL 34.0 to 35.0, PM 33.0 to 34.0.

[illegible]

... 0.80-1.50. Mushrooms—Per pound 0.55. Apples—Per pound Bramley's 0.10-0.20. Tomatoes—Per 12 lb English 2.60-2.80. Greens—Per crate, Kent 1.00. Cabbage 1.20-1.40. Celery—Per 12/15's 2.50-3.30. Strawberries—Per ½ lb 0.15-0.20. Cauliflowers—Per 12 Lincoln 2.20-2.40. Broad beans—Per pound 0.07-0.08. Peas—Per pound 0.13-0.15. Cherries—Per pound Black 0.00, White 0.20-0.25. Gooseberries—Per pound 0.22-0.25. Courgettes—Per pound 0.25. Beetroot—Per 28 lb 2.50. Carrots—Per 28 lb 1.20-1.40.

# Merino export ban relaxed

CANBERRA, July 5.

A PARTIAL relaxation of the embargo on exporting Merino rams was announced by Ian Sinclair, Australian Minister for Primary Industry, reports Reuter.

He said export of up to 300 Merino rams will be allowed on a 12-month trial basis, beginning with the Melbourne sheep show on July 24.

## PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

## INDICES

### FINANCIAL TIMES

[illegible]

### REUTER'S

[illegible]

(Base: September 18, 1931=100)

### DOW JONES

| Dow Jones | July 5 | July 3 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 357.23 | 359.09 | 359.10 | 321.13 |
| Futures | 341.03 | 345.87 | 355.34 | 348.88 |

(Average 1924-25-26=100)

### MOODY'S

| Moody's | July 5 | July 3 | Month ago | Year ago |
|---|---|---|---|---|
| Sple Commty | 919.6 | 920.9 | 925.8 | 888.7 |

(December 31, 1931=100)

# LIBYA TO IMPORT UGANDAN COFFEE

By Our Own Correspondent

NAIROBI, July 5.

Libya is to import 3,000 tonnes of coffee from Uganda under an economic, technical and cultural co-operation agreement just signed by the two countries.

According to Uganda Radio, Libya is to send 1m metres of textiles and is studying ways of supplying in addition 18,000 tonnes of gypsum a year.

## U.S. Markets

# Metals end mixed, cocoa down

NEW YORK, July 5.

COPPER CLOSED little changed on mixed trading and Commission House activity despite a 2 cent per pound cut in domestic producer price. Precious metal once again closed mixed on light speculative liquidation prior to monthly IMF gold auction. Cocoa was sharply lower on trade arbitrage selling, and coffee fell on rumour of reduced prices, Bache reports.

Cocoa—July 144.45 (148.55), Sept. 139.70 (145.20), Dec. 135.70, March 132.00, May 129.55, July 127.95, Sept. 123.00, Dec. 122.75. Sales: 594.

Coffee—"C" Contract: July 149.23 (154.82), Sept. 138.25 (142.18), Dec. 124.50 asked, March 119.25, May 116.75 asked, July 114.50-116.00, Sept. 113.00-114.00, Dec. 110.00-115.00. Sales: 775.

Copper—July 59.30 (59.20), August 59.70 (59.70), Sept. 60.30, Dec. 62.00, Jan. 62.40, March 63.60, May 64.60, July 65.60, Sept. 66.60, Dec. 68.00, Jan. 68.30, March [illegible]

[illegible]

# STOCK EXCHANGE REPORT

# Equities lack incentive and follow long Gilts lower

## GEC nervous awaiting results—Swan Hunter suspended

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Jun. 26 | July 6 | July 7 | *July 18 |
| July 10 | July 20 | July 21 | Aug. 1 |
| July 24 | Aug. 3 | Aug. 4 | Aug. 15 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

An early recovery in leading industrials was thwarted yesterday by a fresh dullness in the Gilt-edged sector. This kept business at a low level and investors remained preoccupied with worries about possible union confrontation with the Government over future pay policy and the uncertain UK economic outlook.

The influence of the trend in British Funds on equity markets was well illustrated by the FT 30-share index which, after beginning the day 1.3 higher, was down at each subsequent calculation, being a maximum of 2.2 easier at 1 pm and finally a net 1.1 lower at 452.0.

Gilt-edged securities went easier from the outset with the emphasis switching to the longer maturities. Anxieties about wage inflation returned and in the first hour of business induced some free offerings of stock which could only be absorbed at lower levels. Thereafter, trade came to a near-standstill and quotations came away from the lowest, but still closed with falls extending to ⅞.

Pressure on the shorts was relaxed in the absence of a continuation of Tuesday's liquidation and marginal initial losses, which had carried yields into the 12 per cent area, were later transformed into small gains. Business generally was uninspiring. Reflecting the downturn at the longer end of the market, the FT Government Securities index fell 0.28 more to 69.02.

Of the day's individual features, GEC met with loose selling from some holders nervous of the company's profits today matching analysts' projections, while Swan Hunter were suspended during the afternoon at 128p, pending the final compensation terms; these were announced well after the market close.

Corporations moved in unison with the longer funds and recorded losses of ¼ in some cases, but recently-issued scrips were only half that amount easier, Southend-on-Sea 12 per cent 1987 closing at 8, or a discount of 2 on the £10-paid stock.

Another extremely quiet day in the investment currency market was enlivened only by a single sizeable buying order. This was easily met and had little impact on the rate, which settled marginally higher at 112⅞ per cent. Yesterday's SE conversion factor was 0.6537 (0.6531).

There was a marked contraction in the level of business in Traded Options yesterday. Contracts amounted to 292 compared with 518 on Tuesday with much of the activity centred on Grand Metropolitan in which 88 deals were completed. Rates were inclined easier with GEC October reactin 5 to 22½ and The July 260 6 to 8s.

### Hambros sold again

Overshadowed by fears about the outcome of the Reksten loan negotiations, Hambros encountered further selling and reacted 5 more to 155p; the annual results are due tomorrow. Elsewhere in the Banking sector, leading issues continued to drift lower, Barclays reacting 4 to 303p and Lloyds 2 to 248p. Hongkong and Shanghai, up 7 at 333p, provided a firm contrast in Overseas issues.

Breweries were dull, while continuing nervousness ahead of next Wednesday's figures took H. P. Bulmer down 7½ more to a 1978 low of 114½p.

Building descriptions were hardly tested and ended with few changes of note after a continuation of the previous day's low level of trade. Further consideration of the profits and dividend left G. H. Downing a couple of pence better at 220p and modest speculative demand lifted Brown and Jackson similarly to a 1978 peak of 132p.

Marked higher at the outset to 367p, ICI retreated to the overnight level of 365p in the absence of buyers, while Fisons in similar circumstances touched 357p before closing a penny better on balance at 353p.

Persistent demand lifted Howard and Wyndham 3 to 30½p.

Slight dullness in the Store leaders reflected lack of interest. Gussies "A" eased 2 more to 268p, while news of the deal with Japan's largest retailer, Daiei, failed to stimulate Marks and Spencer, a penny lower at 143p. Elsewhere, Foster Brothers put on 3 to 124p in response to the chairman's encouraging statement at the annual meeting, but Lincroft Kilgour closed 2 lower at 52p, after 51p, following the forecast that the annual result will not reach the previous year's record. Court (Furnishers) "A" encountered profit-taking and gave up 4 to 107p, while Home Charm were a like amount down at 164p. In contrast, buyers showed occasional interest in MFI, 2 up at 99p, and Bambers, a similar amount dearer at 74p.

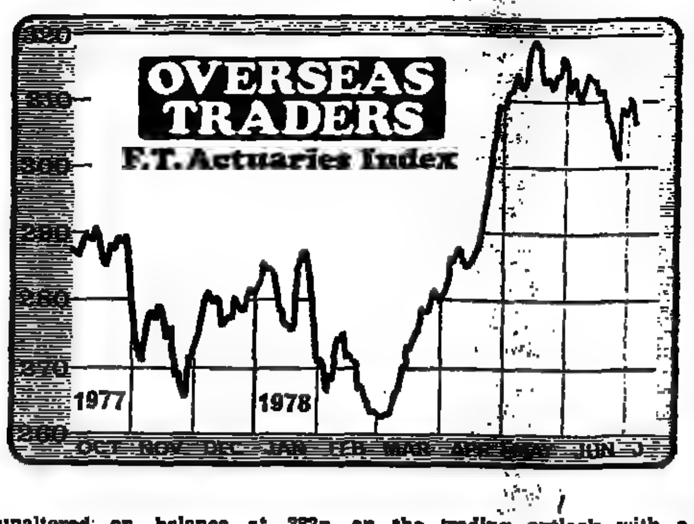
### GEC on offer

GEC figured prominently in Electricals, falling 6 to 258p on some sizeable selling orders prompted by nervousness ahead of today's preliminary figures. Selling in front of tomorrow's results also took its toll of Thorn Electrical which finished a like amount off at a 1978 low of 308p. Decca also came on offer, the ordinary losing 7 to 403p and the "A" 10 to 390p. Of the few firm spots, Wholesale Fittings hardened 3 to 138p and Electrocomponents 7 to 460p. Following the upsurge of 100 in the past week of trade under Rule 163 (2), Ferranti yesterday requested the suspension of dealings pending the publication of the company's prospectus and the shares' admission to the Official List, expected to be in September, the shares yesterday ended at 470p.

John Brown took a modest turn for the better after recent profit-taking and touched 384p before drifting back to 380p and closing unaltered on balance at 382p. Little else worthy of mention occurred in the Engineering majors which moved within narrow limits and closed without much change. Elsewhere, Brickhouse Dudley responded to the good annual results with a rise of 4 to 48p, while the encouraging tenor of the full report left 600 Group 2½ dearer at 83p. Howden Group also found favour at 58p, up 2½p, but Tex Abrasives remained on offer after the results and reacted 2 more to 58p. Favourable Press mention stimulated further interest in Ricardo, up another 5 at 178p. Occasional losses in Shipbuilders included Hawthorn Leslie, 4 lower at 64p, and Yarrow, 5 cheaper at 260p. Swan Hunter were temporarily suspended at 128p; details of nationalisation compensation payments were announced later.

Among Foods, J. Lyons revived with a rise of 3 to 81p following investment comment, while J. Sainsbury picked up a like amount at 193p on the optimistic tenor of the chairman's statement at the annual meeting. Rowntree Mackintosh remained a dull market and lost 9 to 391p for a two-day decline of 19 with sentiment still unsettled by the poor results disclosed by George Bassett which held at 120p after the previous day's loss of 13.

Interest in the miscellaneous Industrial leaders remained at a low ebb with prices fluctuating narrowly before closing with small mixed movements. Beecham, 645p, and Glaxo, 557p, both ended 2 dearer, but Boots remained on offer and fell that amount to 198p, while Pilkington drifted lower again and closed 3 cheaper at 525p. The forecast of a substantial recovery in pre-tax profits during the current year prompted firmness in Rexmore, 3 dearer at 60p, while Scoteros responded to the chairman's encouraging statement on the trading outlook with a rise of 2 to 79p. Buying in a restricted market lifted GR Holdings 5 to 480p. Wilkins and Mitchell firmed 3 to 159p, while smaller-priced issues to make headway included R. W. Toothill and Uniflex which both improved 3 to the common price of 41p. In contrast, Norton and Wright gave up 5 to 175p and Vinten eased 4 to 117p.




Motors and Distributors spent another quiet session. Turner Manufacturing edged forward 2 to a 1978 peak of 141p on the decision that the Dana Corporation bid is not to be referred to the Monopolies Commission, while fresh speculative interest enabled Kwik-Fit to close a shade harder at a 1978 peak of 50½p. Frank G. Gates eased 2 to 52p, after 51½p, on disappointment with the preliminary figures.

North Sea oil favourite Thomson featured an otherwise drab Newspaper sector by rising 18 to 278p following persistent speculative buying. Lack of incentives to trade in either direction left Daily Mail A eased 3 to 305p awaiting today's annual results. The results and the chairman's statement on future prospects left Eucalyptus Pulp 15 lower at 55p and, following the disappointing figures, John Waddington, initially 4 higher at 204p, retreated to the overnight level of 200p. Despite the higher profits, Routledge and Kegan Paul shed 5 to 180p in a thin market.

Leading Properties were quiet and largely untested. Occasional trade in secondary issues produced exaggerated movements. Property and Reversionary A cheapened 10 to 280p, but Centrovincial Estates firmed 3 to 66p and the Capital shares a like amount to 64p, while Bernard Sunley added 4 to 210p.

### Busier Oils

Oils were busier than of late, but British Petroleum succumbed to modest American selling and eased 4 to 830p while Shell managed only a marginal improvement to 552p. Lasmo eased a couple of pence to 138p after a reasonable turnover and modest persistent offerings clipped a like amount from amount from Burmah at 58p. Siebens (UK) traded quietly and firmed 2 to 332p, but Oil Exploration softened 4 to 214p in response to a late seller, while Century, recently firm on the chairman's confident remarks, shaded 2 to 61p.

Reflecting the protracted negotiations with the Jamaican Government, Jamaica Sugar eased 2½ to 12p. Lonrho eased 2 to a 1978 low of 59p, while losses of around 10 were seen in Inchcape, 405p, and Harrisons and Crosfield, 463p.

New Throgmorton Capital, 10 off at 164p, provided an isolated dull feature in an otherwise firm Investment Trust section. Le Valloner hardened 2 to 33p, while gains of 3 were seen in Anglo American Securities, 101p, and Capital and National, 121p. Financials were noteworthy for a reaction of 5 to 78p in Yule Catto following the previous day's speculative jump of 8.

Carpets International featured Textiles with a rise of 5 to a 1978 peak of 56p in a restricted market, while Press comment helped Kayser Bondor to finish 3 harder at 32½p.

Currency considerations were responsible for weakness in South Africans. Anglo American Industrial eased 15 to 575p and OK Bazaars 10 to 420p.

Following Tuesday's speculative gain of 18, Guthrie improved afresh to 338p in active trading before meeting profit-taking and closing without alteration at 330p. Small buying lifted Bradwall 3 to 56p, but Highlands declined 3 to 127p on the denial of recent rumours of a forthcoming scrip issue.

### Quiet Mines

The early rally in the dollar caused the bullion price to ease 50 cents to $184.375 per ounce and affected sentiment in South African Gold shares, but prices ended on a marginally firmer note awaiting the outcome of the latest International Monetary Fund gold auction.

The Gold Mines index added 0.8 more to 161.2. Among the heavyweights, Randfontein continued to edge up and ended ½ better at £34½, while Western Holdings registered a similar gain at £19⅞.

In the lower-priced issues Stilfontein attracted further buying and improved 5 more to 230p for a two-day rise of 20.

South African Financials were quietly mixed. De Beers fell another 4 to 389p—the CSO half-yearly sales figure is expected shortly—while "Amcoal" came in for profit-taking and relinquished 15 to 575p.

On the other hand, selective London and Cape interest saw Platinums move further ahead, still on consideration of a brokers' circular. Rustenburg and Bishopsgate were both around a penny firmer at 83p and 86p respectively.

A continuing lack of direction in overnight Sydney and Melbourne markets encouraged further selling of Australians although the level of business here remained minimal.

Base-metal producers generally lost ground with Western Mining notably easier at 146p, down 4. Hampton Areas eased a penny to 136p on further consideration of the results and acquisition of Wultex.

Among Coals, Oakbridge fell heavily in overnight markets and, in line, gave up 6 to 160p here, while the co-partner in the Rundle oil shale project, Central Pacific Minerals, dropped 25 to 575p. Australian selling lowered Gold Mines of Kalgoorlie 2 to 45p.

Elsewhere, renewed Canadian offerings prompted a 75 fall in Tara Exploration to 875p.

## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| July 4 | July 17 | Sep. 28 | Oct. 10 |
| July 18 | July 31 | Oct. 12 | Oct. 24 |
| Aug. 1 | Aug. 14 | Oct. 26 | Nov. 7 |

*For rate indications see end of Share Information Service*

Stocks favoured for the call were Burmah Oil, KCA International, D. McPherson, Centrovincial, Kwik-Fit and GEC while doubles were arranged in Burmah Oil and Kwik-Fit. Short-dated calls were done in GEC and Redland, while a put and a double were transacted in GEC.

## FINANCIAL TIMES STOCK INDICES

| | July 5 | July 4 | July 3 | June 30 | June 29 | June 28 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 69.02 | 69.30 | 69.50 | 69.52 | 69.25 | 69.01 | 67[illegible] |
| Fixed Interest | 70.98 | 71.35 | 71.47 | 71.45 | 71.24 | 71.15 | 68[illegible] |
| Industrial Ordinary | 452.0 | 453.1 | 458.1 | 460.5 | 457.3 | 455.3 | 44[illegible] |
| Gold Mines | 161.2 | 160.4 | 158.4 | 158.9 | 162.4 | 160.6 | 11[illegible] |
| Ord. Div. Yield | 5.84 | 5.83 | 5.78 | 5.76 | 5.80 | 5.83 | 5[illegible] |
| Earnings Y'ld%(full)(*) | 17.78 | 17.69 | 17.54 | 17.46 | 17.50 | 17.65 | 15[illegible] |
| P/E Ratio (net)(*†) | 7.50 | 7.51 | 7.58 | 7.61 | 7.56 | 7.52 | 9[illegible] |
| Dealings marked | 4,578 | 4,890 | 5,617 | 4,514 | 4,848 | 4,018 | 4,[illegible] |
| Equity turnover £m | — | 47.97 | 48.55 | 54.92 | 56.28 | 56.86 | 67[illegible] |
| Equity bargains total | — | 11,538 | 11,699 | 12,565 | 12,060 | 13,306 | 15,[illegible] |

10 am 454.4. 11 am 451.0. Noon 451.1. 1 pm 450.9. 2 pm 451.0. 3 pm 451.7.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=7.34.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| | 1978 High | 1978 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 78.58 (5.1) | 68.79 (6/6) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 81.27 (9/1) | 70.73 (6/6) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 497.5 (5/1) | 433.4 (2/3) | 549.2 (14/9/77) | 49.4 (26/6/40) |
| Gold Mines | 168.5 (5/3) | 130.3 (5/1) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | July 5 | July 4 |
|---|---|---|
| —Daily | | |
| Gilt-Edged | 149.1 | 162 |
| Industries | 164.2 | 170 |
| Speculative | 38.1 | 32 |
| Totals | 104.2 | 111 |
| 5-day Average | | |
| Gilt-Edged | 149.9 | 146 |
| Industrials | 150.8 | 144 |
| Speculative | 35.6 | 35 |
| Totals | 99.9 | 97 |

## NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

### NEW HIGHS (51)

**FOREIGN BONDS (1)**
Antofagasta Rly.

**BANKS (2)**
Algemene; HK and Shanghai

**BUILDINGS (2)**
Brown and Jackson; Burnett & Hallamshire

**CHEMICALS (1)**
Stewart Plastics

**CINEMAS (1)**
Howard & Wyndham

**STORES (5)**
Bakers Stores; Bambers; Dewhirst; Foster Bros.; Time Products

**ELECTRICALS (2)**
Electrocomponents; Wholesale Fittings

**ENGINEERING (2)**
Brickhouse Dudley; Crendle

**INDUSTRIALS (5)**
Assoc. Sprayers; Hutch Whampo; Reed Executive; Dufay Bitumastic; Wheelock Marden

**MOTORS (2)**
Kwik-Fit; Turner Manf.

**PROPERTY (2)**
HK Land; Land Lease

**TEXTILES (3)**
Carpets Intl.; Pickles W.) A N.V.; Snia Viscosa

**TRUSTS (19)**
Berry Trust; Crescent Japan; Drayton Far Eastern; Estate Duties; G.T. Japan; Investing in Success; Jardine Japan; Jardine Secs.; Le Valloner; Lon. and Gartmore; Monks Inv.; Scot. East Inv.; Scottish Inv.; Scot. National; Scot. Utd. Inv.; Tribune Inv.; Winterbottom; Fitzroy Inv.; St. George

**OVERSEAS TRADERS (1)**
Aust. Agric.

**RUBBERS (2)**
Bradwell; Guthrie

**MINES (1)**
E.R.G.O.

### NEW LOWS (33)

**BANKS (1)**
Hill Samuel Warr.

**BRITISH FUNDS (6)**
Treasury 11½pc 1979; Exch. 12½pc 19[illegible]; Treasury 8pc 1980; Treasury 14pc 1[illegible]; Treasury 9½pc 1980; Exch. 10pc '83 [illegible]

**CORPORATION LOANS (3)**
Glasgow 9¼pc '80-82; Warwick 12½pc; L.C.C. 5½pc 1977-81

**BEERS (2)**
Bulmer (H. P.); Highland Dist.

**BUILDINGS (2)**
Gough Cooper; UBM

**ELECTRICALS (3)**
Philips Fin. 5¾pc; Ward and Goldstone; Thorn Elect.

**ENGINEERING (4)**
Alcan Aluminium; Howard Machine; Bailey (C. H.); Lloyd (F. H.)

**INDUSTRIALS (2)**
Macarthys Pharm.; Norvic Secs.

**INSURANCE (3)**
Bowring (C. T.); Sun Life; Phoenix

**PROPERTY (2)**
Prop. & Rev. A; Prop. Hlds. & Inv.

**SHIPPING (1)**
P & O Defd.

**SOUTH AFRICANS (1)**
Hulett's Corpn

**OVERSEAS TRADERS (1)**
Lonrho

**TEAS (1)**
Moran

**MINES (1)**
G.M. Kalgoorlie

## RISES AND FALLS YESTERDAY

| | Up | Down |
|---|---|---|
| British Funds | 11 | 54 |
| Corpns. Dominion and Foreign Bonds | 11 | 15 |
| Industrials | 180 | 328 |
| Financial and Prop. | 126 | 61 |
| Oils | 4 | 14 |
| Plantations | 1 | 10 |
| Mines | 41 | 31 |
| Recent Issues | 1 | 15 |
| Totals | 375 | 528 |

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1978 high | 1978 low |
|---|---|---|---|---|---|---|
| ICI | £1 | 11 | 365 | — | 396 | 328 |
| Shell Transport | 25p | 11 | 552 | +2 | 596 | 484 |
| GEC | 25p | 9 | 258 | −6 | 278 | 232 |
| BATs Defd. | 25p | 8 | 280 | −3 | 296 | 227 |
| Boots | 25p | 8 | 198 | −2 | 231 | 184 |
| P & O Defd. | £1 | 8 | 88 | — | 118 | 83 |
| BP | £1 | 7 | 830 | −4 | 892 | 720 |
| Grand Met. | 50p | 7 | 100½ | −1 | 117½ | 87 |
| Marks & Spencer | 25p | 7 | 143 | −1 | 160 | 133 |
| RTZ | 25p | 7 | 215 | — | 234 | 164 |
| Commercial Union | 25p | 6 | 140 | — | 159 | 128 |
| GUS A | 25p | 6 | 268 | −2 | 312 | 256 |
| GKN | £1 | 6 | 248 | — | 286 | 248 |
| Rank Org. | 25p | 6 | 234 | — | 262 | 226 |
| Spillers | 25p | 6 | 28 | — | 33 | 23½ |



## COMPANY NOTICES

**HOPE STREET FUND S.A.**
société anonyme
Registered Office: LUXEMBOURG, 14, rue Aldringen
Registre de Commerce: Section B No. 8.621

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of HOPE STREET FUND S.A. will be held at its registered office in Luxembourg, 14, rue Aldringen, on July 21st, 1978, at 3.30 p.m. for the purpose of considering and voting upon the following matters:

1) To hear and accept the reports of:
   a. The directors
   b. the statutory auditor.
2) To approve the balance sheet and profit and loss account for the year ended March 31st, 1978, and to consider declaration of dividend.
3) To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1978.
4) To elect the directors to serve until the next annual general meeting of shareholders.
5) To elect the auditor to serve until the next annual general meeting of shareholders.
6) Any other business.

The shareholders are advised that no quorum for the statutory meeting is required and that all decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

In order to take part at the statutory meeting of July 21st, 1978, the owners of bearer shares will have to deposit their shares five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with one of the following banks:
—Banque Générale du Luxembourg, S.A., LUXEMBOURG.
—Clydesdale Bank Limited, 30, Lombard Street, LONDON, E.C.2.

The Board of Directors.

**MURRAY FUND S.A.**
société anonyme
Registered Office: LUXEMBOURG, 14, rue Aldringen
Registre de Commerce: Section B No. 8.621

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of MURRAY FUND S.A. will be held at its registered office in Luxembourg, 14, rue Aldringen, on July 21st, 1978, at 3.00 p.m. for the purpose of considering and voting upon the following matters:

1) To hear and accept the reports of:
   a. The directors
   b. the statutory auditor.
2) To approve the balance sheet and profit and loss account for the year ended March 31st, 1978, and to consider declaration of dividend.
3) To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1978.
4) To elect the directors to serve until the next annual general meeting of shareholders.
5) To elect the auditor to serve until the next annual general meeting of shareholders.
6) Any other business.

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—Banque Générale du Luxembourg, S.A., LUXEMBOURG.
—Clydesdale Bank Limited, 30, Lombard Street, LONDON, E.C.2.

The Board of Directors.

## LONDON TRADED OPTIONS

| Option | Ex'rcise price | July Closing offer | July Vol. | October Closing offer | October Vol. | January Closing offer | January Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 750 | 88 | 2 | 105 | — | 125 | — | 833p |
| BP | 800 | 35 | 2 | 64 | — | 90 | — | " |
| BP | 850 | 4 | — | 42 | — | 58 | — | " |
| BP | 900 | ½ | 16 | 18 | 1 | 38 | 1 | " |
| Com. Union | 140 | 4½ | — | 10½ | — | 15 | — | 141p |
| Com. Union | 160 | ½ | — | 4½ | — | 8 | — | " |
| Cons. Gold | 160 | 15 | 10 | 24 | — | 27 | — | 175p |
| Cons. Gold | 180 | 2¼ | 5 | 10½ | 8 | 17 | 10 | " |
| Courtaulds | 100 | 13 | 10 | 17 | — | 20½ | 15 | 112p |
| Courtaulds | 110 | 4½ | 1 | 10 | 20 | 15½ | — | " |
| Courtaulds | 120 | 1 | — | 5½ | 1 | 8½ | — | " |
| Courtaulds | 130 | ½ | — | 3 | — | 6½ | 8 | " |
| GEC | 220 | 40 | — | 46 | — | 53 | — | 259p |
| GEC | 240 | 20 | — | 31 | 5 | 40 | — | " |
| GEC | 260 | 5 | 2 | 19 | — | 29 | — | " |
| GEC | 280 | 3½ | — | 10 | — | 20 | — | " |
| Grand Met. | 100 | 2½ | 27 | 6 | — | 13 | — | 101p |
| Grand Met. | 110 | ⅜ | — | 4½ | 50 | 8 | 4 | " |
| Grand Met. | 120 | ⅛ | — | 2 | — | 4½ | 7 | " |
| ICI | 330 | 38 | — | 46 | 10 | 61 | — | 366p |
| ICI | 360 | 9 | 8 | 21 | 4 | 31 | — | " |
| ICI | 390 | 1½ | — | 9 | 8 | 19 | — | " |
| ICI | 420 | ½ | — | 3½ | — | 10½ | 1 | " |
| Land Secs. | 180 | 25 | — | 27½ | — | 32 | — | 202p |
| Land Secs. | 200 | 4½ | — | 11½ | 10 | 17 | 2 | " |
| Land Secs. | 220 | ¼ | — | 4 | — | 8½ | 10 | " |
| Marks & Sp. | 120 | 23 | — | 29½ | — | 31½ | — | 143p |
| Marks & Sp. | 140 | 5 | — | 12½ | — | 16 | 5 | " |
| Marks & Sp. | 160 | ¼ | — | 4½ | — | 8½ | — | " |
| Shell | 500 | 52 | — | 66 | — | 78 | — | 550p |
| Shell | 550 | 9 | 16 | 28 | — | 48 | — | " |
| Shell | 600 | ⅛ | 18 | 10 | 1 | 21 | — | " |
| Totals | | | 111 | | 118 | | 63 | |

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or — | Div. P. or Amount | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 76 | F.P. | 30/6 | 92 | 85 | Bramall (L.D.) | 85 | ...... | t4.5 | 3.1 | 8.0 | 4.5 |
| 100 | F.P. | 5/7 | 169 | 142 | Eurotherm | 166 | ...... | b2.84 | 4.0 | 2.4 | 15.9 |
| §34 | F.P. | — | 38 | 33 | Thames Plywood | 34 | ...... | §§2.0 | 2.3 | 8.9 | 7.4 |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price £ | + or — |
|---|---|---|---|---|---|---|---|
| * * | F.P. | 28/7 | 90p | 88p | Allied Leather 9% Pref. | 88p | ...... |
| £96 | £50 | 22/9 | 12 | ⅜ | Barnet 12½% Red. 1987 | 50 | —¼ |
| ‖ | Nil | 7/8 | 50½ | 48 | Crellon 12% Conv. Prfd. 1979—85 | 7pm | ...... |
| 100p | F.P. | 16/6 | 104p | 101p | Ecclesiast'al Ins. Office 10% Red 2nd Cum Pref | 101p | —½ |
| £100 | F.P. | — | 100⅝ | 99⅝ | Edinburgh (City of) Var. Rate 1985 | 99¾ | ...... |
| ††£37.5 | F.P. | 28/7 | 98½ | 97⅝ | Essex Water 7% Red. Pref. 1983 | 98½ | ...... |
| ‖ | £25 | 25/8 | 28¼ | 23½ | Fairview Ests. 13½% Deb. | 23½ | —¼ |
| * * | F.P. | 21/7 | 98½p | 97p | JB Holdings 10% Pref. | 98½p | ...... |
| * * | F.P. | 21/7 | 105½p | 102p | Miller (F.) 11% Pref. | 102½p | —½ |
| ‡109 | F.P. | 21/7 | 10[illegible] | 108 | Robinson Bros 11% Pref. | 109½ | ...... |
| 99¾ | F.P. | — | 100 | 99¾ | Sefton (Met. Borough of) Var. Rate Red. 1983 | 99¾ | ...... |
| £98¼ | £10 | 20/10 | 9⅛ | 8 | Southend-on-Sea 12% Red. 1987 | 8 | —¼ |
| £99 | £10 | 21/7 | 10⅛ | 9 | South Tyneside 12½% Red. 1986 | 9 | —¼ |
| £98⅞ | £50 | 1/9 | 50½ | 48¼ | Tyne & Wear 12% Red. 1985 | 48 | —¼ |
| £98¼ | £25 | 15/9 | 25½ | 24 | West Kent Water 12% Deb. 1986 | 24 | —½ |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid Up | Latest Renunc. Date | | 1978 High | 1978 Low | Stock | Closing Price p | + or — |
|---|---|---|---|---|---|---|---|---|
| 45 | F.P. | 7/7 | 18/8 | 58 | 54 | British Tar Products | 54 | ...... |
| 28 | Nil | 18/7 | 18/8 | 6pm | 3½pm | Brooke Tool Eng. | 4pm | +½ |
| 14½ | Nil | — | — | 2½pm | 2½pm | Elswick-Hopper | 2½pm | ...... |
| 82 | Nil | 7/7 | 18/8 | 22pm | 11pm | Hartwells | 12pm | ...... |
| 108 | Nil | 14/7 | 4/8 | 15pm | 1pm | Henlys | 10pm | ...... |
| 29 | Nil | 6/7 | 28/7 | 43½pm | 38½pm | Hyman (I. & G.) | 41 | —1 |
| 150 | Nil | 14/7 | 4/8 | 21pm | 16pm | Leigh Interests | 16pm | —1 |
| 25 | Nil | — | — | 2½pm | 2pm | Lexes | 2½pm | ...... |
| 94 | Nil | 7/7 | 28/7 | 21pm | 10pm | Sketchley | 16½pm | —½ |
| 95 | Nil | 17/7 | 25/8 | 24pm | 19pm | Securicor Group | 19pm | —1 |
| 95 | Nil | 17/7 | 25/8 | 22pm | 16pm | Do. A. N/V | 17pm | —1 |
| 95 | Nil | 17/7 | 25/8 | 20pm | 13pm | Security Services | 13pm | —5 |
| 95 | Nil | 17/7 | 25/8 | 24pm | 13pm | Do. A. N/V | 15pm | —5 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. r Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ‖‖ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ¶¶ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

## LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

| Section | Change % | Section | Change % |
|---|---|---|---|
| Gold Mines F.T. | [illegible] | All-Share Index | — 2.35 |
| Overseas Traders | [illegible] | Building Materials | — 2.83 |
| Mining Finance | [illegible] | Electronics, Radio and TV | — 3.27 |
| Newspapers and Publishing | [illegible] | Pharmaceutical Products | — 3.37 |
| Toys and Games | [illegible] | Consumer Goods (Non-Durable) Group | — 3.81 |
| Chemicals | [illegible] | Insurance Brokers | — 4.18 |
| Tobaccos | [illegible] | Household Goods | — 4.31 |
| Engineering Contractors | [illegible] | Food Manufacturing | — 5.09 |
| Mechanical Engineering | [illegible] | Breweries | — 5.47 |
| Motors and Distributors | [illegible] | Entertainment and Catering | — 5.58 |
| Office Equipment | [illegible] | Food Retailing | — 6.52 |
| Packaging and Paper | [illegible] | Stores | — 8.04 |
| Investment Trusts | [illegible] | Merchant Banks | — 8.09 |
| Oils | [illegible] | Property | — 8.16 |
| Capital Goods Group | [illegible] | Discount Houses | — 8.74 |
| Contracting and Construction | [illegible] | Insurance (Life) | — 9.88 |
| Electricals | [illegible] | Financial Group | —10.26 |
| Consumer Goods (Durable) Group | [illegible] | Banks | —10.54 |
| Other Groups | [illegible] | Insurance (Composite) | —12.15 |
| Metal and Metal Forming | [illegible] | Shipping | —13.57 |
| Wines and Spirits | [illegible] | Hire Purchase | —15.02 |
| Textiles | [illegible] | [illegible] | —17.70 |
| 500 Share Index | [illegible] | | |

† Percentage changes based on Tuesday, July 4, 1978 indices.

# FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Wed., July 5, 1978 Index No. | Day's Change % | Est. Earnings Yield% (Max.) Corp. Tax 52% | Gross Div. Yield% (ACT at 34%) | Est. P/E Ratio (Net) Corp. Tax 52% | Tues. July 4 Index No. | Mon. July 3 Index No. | Fri. June 30 Index No. | Thur. June 29 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (172) | 207.28 | −0.7 | 18.33 | 5.84 | 7.58 | 208.64 | 210.25 | 210.34 | 208.08 | 182[illegible] |
| 2 | Building Materials (28) | 185.14 | −0.3 | 19.00 | 5.91 | 7.42 | 185.63 | 186.65 | 187.50 | 184.95 | 152[illegible] |
| 3 | Contracting, Construction (27) | 333.87 | −0.9 | 20.95 | 4.12 | 6.95 | 336.04 | 337.61 | 336.30 | 335.29 | 247[illegible] |
| 4 | Electricals (15) | 444.45 | −1.8 | 15.47 | 4.11 | 9.16 | 452.50 | 456.58 | 455.70 | 446.46 | 360[illegible] |
| 5 | Engineering Contractors (14) | 307.14 | −0.5 | 19.53 | 6.65 | 6.82 | 308.62 | 310.46 | 310.45 | 307.53 | 261[illegible] |
| 6 | Mechanical Engineering (73) | 166.15 | −0.1 | 19.42 | 6.46 | 6.98 | 166.34 | 167.70 | 167.75 | 166.49 | 165[illegible] |
| 8 | Metals and Metal Forming (18) | 158.08 | — | 18.14 | 8.91 | 7.51 | 158.03 | 159.79 | 160.24 | 160.04 | 151[illegible] |
| 11 | CONSUMER GOODS (DURABLE) (52) | 189.71 | −0.7 | 17.91 | 5.09 | 7.84 | 191.14 | 193.23 | 192.51 | 190.86 | 171[illegible] |
| 12 | Lt. Electronics, Radio TV (15) | 221.72 | −1.2 | 16.33 | 3.91 | 8.63 | 224.47 | 226.66 | 225.47 | 223.56 | 199[illegible] |
| 13 | Household Goods (12) | 174.15 | +0.5 | 16.77 | 6.48 | 8.23 | 173.34 | 173.11 | 172.26 | 171.88 | 163[illegible] |
| 14 | Motors and Distributors (25) | 120.74 | −0.3 | 20.53 | 6.53 | 6.84 | 121.12 | 122.99 | 122.86 | 121.61 | 109[illegible] |
| 21 | CONSUMER GOODS (NON-DURABLE) (174) | 194.86 | −0.2 | 16.51 | 6.13 | 8.22 | 195.28 | 197.30 | 198.13 | 196.12 | 165[illegible] |
| 22 | Breweries (14) | 216.42 | −0.6 | 15.76 | 6.24 | 9.03 | 217.66 | 220.22 | 221.57 | 220.18 | 177[illegible] |
| 23 | Wines and Spirits (6) | 248.18 | −0.2 | 16.30 | 5.80 | 9.31 | 248.78 | 250.12 | 250.12 | 248.70 | 188[illegible] |
| 24 | Entertainment, Catering (17) | 242.44 | −0.8 | 16.23 | 7.16 | 8.95 | 244.30 | 247.03 | 248.17 | 247.08 | 212[illegible] |
| 25 | Food Manufacturing (21) | 190.01 | — | 19.88 | 5.86 | 6.65 | 190.00 | 191.62 | 192.43 | 190.16 | 172[illegible] |
| 26 | Food Retailing (15) | 198.43 | +0.3 | 14.47 | 5.11 | 9.58 | 197.93 | 199.38 | 198.89 | 196.94 | 171[illegible] |
| 32 | Newspapers, Publishing (13) | 396.42 | +3.9 | 10.08 | 3.16 | 14.16 | 381.38 | 386.62 | 385.91 | 373.57 | 308[illegible] |
| 33 | Packaging and Paper (15) | 130.40 | −0.4 | 20.15 | 8.16 | 6.55 | 130.89 | 131.26 | 131.46 | 130.78 | 121[illegible] |
| 34 | Stores (39) | 177.01 | −0.7 | 11.90 | 4.99 | 12.32 | 178.23 | 180.56 | 181.91 | 176.12 | 142[illegible] |
| 35 | Textiles (25) | 169.41 | +0.9 | 19.52 | 8.18 | 6.66 | 167.91 | 169.67 | 170.33 | 168.32 | 167[illegible] |
| 36 | Tobaccos (3) | 233.72 | −0.8 | 23.48 | 8.01 | 5.10 | 235.69 | 238.28 | 239.18 | 238.19 | 203[illegible] |
| 37 | Toys and Games (6) | 106.73 | −0.1 | 19.05 | 5.85 | 6.41 | 106.83 | 107.35 | 107.35 | 105.76 | 99.6 |
| 41 | OTHER GROUPS (97) | 190.76 | −0.1 | 16.85 | 5.99 | 7.77 | 190.94 | 192.48 | 193.00 | 191.86 | 180[illegible] |
| 42 | Chemicals (19) | 273.30 | +0.1 | 18.12 | 6.39 | 7.50 | 273.16 | 275.98 | 277.15 | 276.39 | 254[illegible] |
| 43 | Pharmaceutical Products (7) | 252.41 | +0.2 | 11.45 | 4.06 | 10.86 | 251.79 | 251.89 | 253.51 | 249.08 | [illegible] |
| 44 | Office Equipment (6) | 127.31 | — | 18.82 | 5.10 | 6.29 | 127.31 | 128.52 | 129.32 | 127.30 | 99.1 |
| 45 | Shipping (10) | 396.62 | −0.6 | 18.27 | 7.72 | 6.74 | 399.19 | 405.61 | 418.68 | 410.19 | 492[illegible] |
| 46 | Miscellaneous (55) | 196.27 | −0.4 | 18.32 | 6.68 | 7.27 | 197.06 | 198.78 | 198.95 | 197.78 | 175[illegible] |
| 49 | INDUSTRIAL GROUP (495) | 203.17 | −0.3 | 17.13 | 5.95 | 7.91 | 203.84 | 205.72 | 206.20 | 203.87 | 180[illegible] |
| 51 | Oils (5) | 479.08 | −0.1 | 15.41 | 4.13 | 7.04 | 479.52 | 477.64 | 482.28 | 478.03 | 513.0 |
| 59 | 500 SHARE INDEX | 226.00 | −0.3 | 16.87 | 5.67 | 7.77 | 226.66 | 228.29 | 229.08 | 226.57 | 206[illegible] |
| 61 | FINANCIAL GROUP (100) | 154.47 | −0.2 | — | 6.13 | — | 154.74 | 156.58 | 157.46 | 156.24 | 138[illegible] |
| 62 | Banks (6) | 174.15 | −0.7 | 27.17 | 6.44 | 5.57 | 175.37 | 178.47 | 179.77 | 178.45 | 154[illegible] |
| 63 | Discount Houses (10) | 197.65 | +0.1 | — | 8.75 | — | 197.39 | 200.79 | 202.55 | 202.55 | 177.5 |
| 64 | Hire Purchase (5) | 137.67 | +0.7 | 14.19 | 5.96 | 10.43 | 136.66 | 138.74 | 139.55 | 137.92 | 136.0 |
| 65 | Insurance (Life) (10) | 126.74 | +0.3 | — | 7.18 | — | 126.39 | 128.06 | 128.61 | 127.92 | 107.8 |
| 66 | Insurance (Composite) (7) | 118.87 | — | — | 7.17 | — | 118.90 | 120.04 | 120.98 | 119.96 | 111[illegible] |
| 67 | Insurance Brokers (10) | 320.48 | — | 14.69 | 4.89 | 9.75 | 320.43 | 323.31 | 325.16 | 321.31 | 298[illegible] |
| 68 | Merchant Banks (14) | 75.34 | −0.4 | — | 6.44 | — | 75.65 | 76.28 | 76.99 | 76.90 | 66[illegible] |
| 69 | Property (31) | 223.40 | — | 3.66 | 3.33 | 47.14 | 223.33 | 225.29 | 226.25 | 224.63 | 189[illegible] |
| 70 | Miscellaneous (7) | 105.16 | −0.4 | 24.15 | 7.94 | 5.39 | 105.55 | 105.98 | 104.56 | 103.23 | 92[illegible] |
| 71 | Investment Trusts (50) | 210.26 | +0.8 | 3.29 | 4.83 | 30.37 | 208.64 | 208.14 | 208.13 | 206.55 | 171[illegible] |
| 81 | Mining Finance (4) | 97.71 | — | 18.06 | 7.12 | 6.74 | 97.71 | 98.45 | 97.80 | 96.25 | 88[illegible] |
| 91 | Overseas Traders (19) | 306.67 | −1.2 | 17.10 | 6.96 | 7.18 | 310.50 | 307.91 | 309.17 | 306.67 | 271[illegible] |
| 99 | ALL-SHARE INDEX (673) | 207.96 | −0.2 | — | 5.76 | — | 208.45 | 209.94 | 210.67 | 208.50 | 188[illegible] |

**FIXED INTEREST PRICE INDICES**

| | British Government | Wed. July 5 | Day's change % | xd adj. To-day | xd adj. 1978 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 103.96 | +0.05 | — | 4.73 |
| 2 | 5-15 years | 112.52 | −0.39 | — | 5.95 |
| 3 | Over 15 years | 118.60 | −0.45 | — | 7.02 |
| 4 | Irredeemables | 120.99 | −0.79 | — | 7.24 |
| 5 | All stocks | 111.19 | −0.25 | — | 5.83 |

**FIXED INTEREST YIELDS** Br. Govt. Av. Gross Red.

| | | | Wed. July 5 | Tues July 4 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 9.01 | 8.99 | 7.7[illegible] |
| 2 | | 15 years | 11.19 | 11.12 | 11.[illegible] |
| 3 | | 25 years | 11.92 | 11.84 | 12.49 |
| 4 | Medium Coupons | 5 years | 11.86 | 11.91 | 10.47 |
| 5 | | 15 years | 12.39 | 12.32 | 12.32 |
| 6 | | 25 years | 12.42 | 12.33 | 12.96 |
| 7 | High Coupons | 5 years | 11.96 | 11.91 | 11.28 |
| 8 | | 15 years | 12.87 | 12.79 | 13.46 |
| 9 | | 25 years | 13.14 | 13.08 | 13.65 |
| 10 | Irredeemables | | 12.12 | 12.02 | 12.69 |

| | | Wed., July 5 Index No. | Wed., July 5 Yield % | Tues. July 4 | Mon. July 3 | Friday June 30 | Thurs. June 29 | Wed. June 28 | Tues. June 27 | Mon. June 26 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 56.64 | †13.10 | 56.37 | 57.16 | 57.21 | 57.19 | 57.25 | 57.25 | 57.54 | 54.55 |
| 16 | Investment Trust Prefs. (15) | 51.62 | 13.71 | 51.05 | 51.05 | 51.01 | 51.29 | 51.38 | 51.38 | 51.34 | 51.50 |
| 17 | Coml. and Indl. Prefs. (20) | 70.24 | 13.18 | 70.62 | 70.48 | 70.56 | 70.59 | 70.62 | 70.68 | 70.54 | 69.86 |

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

# INSURANCE, PROPERTY, BONDS

# AUTHORISED UNIT TRUSTS

# OFFSHORE AND OVERSEAS FUNDS



Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey.. (Eng. 01-606 7070)

| | | | | |
|---|---|---|---|---|
| Fonselex | Fr1,400 | 1,500 | ..... | 2.60 |
| Bondselex | Fr11,840 | 124.70 | ..... | — |
| Keyselex Int'l | £6.79 | 7.64 | ..... | — |
| Keyselex Europe | £3.91 | 4.41 | ..... | 3.74 |
| Japan Gth. Fund | $US26.10 | 28.07 | ..... | — |
| Keyselex Japan | £13.59 | 14.87 | ..... | — |
| Cent. Assets Cap. | | £134.22 | +0.03 | ..... |

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

| | | | | |
|---|---|---|---|---|
| CMF Ltd. June 29 | $US12.85 | 12.67 | .... | — |
| CMT Ltd. June 29 | £12.77 | 13.10 | .... | — |
| Metals Tst. June 16 | £12.17 | 12.47 | .... | — |
| TMT June 8 | $US10.57 | 10.85 | .... | — |
| TMT Ltd. June 8 | £20.68 | 20.93 | .... | — |

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

| | | | | |
|---|---|---|---|---|
| Worldwide Gth Fd | $US15.15 | | .... | — |

## NOTES

Prices do not include $ premium, except where indicated $, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.



CORAL INDEX Close 449-454

## INSURANCE BASE RATES

† Property Growth ........ 9½%
†Vanbrugh Guaranteed ........ 9.50%
† Address shown under Insurance and Property Bond Table.

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

| 1978 High | Low | Stock | £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 99⅝ | 98⅝ | Exch. 5pc '76-78†† | 99 | +1/32 | 5.05 | 9.33 |
| 105⅞ | 101 1/16 | Treasury 11½pc '79‡‡ | 101 3/16 | −1/16 | 11.36 | 9.54 |
| 97 | 94¼ | Treasury 3pc '79‡‡ | 95½ | ...... | 3.14 | 6.95 |
| 97⅞ | 95⅛ | Electric 4¼pc '74-79 | 95¾ | ...... | 4.44 | 7.92 |
| 104 3/16 | 99⅜ | Treasury 10½pc '79‡‡ | 99⅞ | ...... | 10.51 | 10.52 |
| 95½ | 94¼ | Electric 3½pc '76-79 | 95¼ | ...... | 3.65 | 6.79 |
| 105½ | 96 7/16 | Treasury 9pc 1980‡‡ | 96 7/16 | −1/16 | 9.32 | 11.29 |
| 102 13/16 | 97⅛ | Treasury 9½pc '80‡‡ | 97⅛ | −1/16 | 9.78 | 11.22 |
| 95½ | 92⅞ | Treasury 3½pc '77-80 | 93¼ | +⅛ | 3.75 | 7.29 |
| 96½ | 93¼ | Funding 5¼pc '78-80‡‡ | 93¾ | +¼ | 5.60 | 8.92 |
| 110¼ | 103 3/16 | Exchequer 13pc 1980‡‡ | 103¼ | ...... | 12.59 | 11.35 |
| 106¼ | 99 13/16 | Treasury 11½pc 1981‡‡ | 100 3/16xd | ...... | 11.48 | 11.40 |
| 91⅝ | 88¼ | Treasury 3½pc 1979-81 | 89⅛ | ...... | 3.93 | 8.20 |
| 101¾ | 95⅜ | Treasury 9¾pc 1981‡‡ | 95¾ | +⅛ | 10.18 | 11.57 |
| 97 5/16 | 91⅞ | Exch. 8¼pc 1981 | 92⅜ | +⅛ | 8.93 | 11.37 |
| 100¾ | 94¼ | Exch. 9½pc 1981 | 94½xd | +⅛ | 10.05 | 11.70 |
| 87 13/16 | 85⅝ | Exch. 3pc 1981 | 86 | −1/16 | 3.49 | 8.16 |
| 97 1/16 | 95¼ | Treas. Variable '81§§ | 95¾ | ...... | 10.21 | 10.88 |
| 111 | 102⅞ | Exch. 12¾pc 1981‡‡ | 102⅞ | −⅛ | 12.45 | 11.83 |
| 99⅜ | 91⅜ | Treas. 8½pc '80-82‡‡ | 91 11/16xd | +1/16 | 9.27 | 11.42 |
| 86⅝ | 82⅞ | Treasury 3pc '82‡‡ | 82⅞ | ...... | 3.62 | 8.61 |
| 115⅞ | 106¼ | Treasury 14pc '82‡‡ | 106¼ | −⅛ | 13.18 | 11.83 |
| 96½ | 94¾ | Treas. Variable '82§§ | 94¾ | ...... | 10.31 | 11.45 |
| 96⅜ | 89⅝ | Treasury 8¼pc '82 | 89¾xd | ...... | 9.19 | 11.52 |
| 100¼ | 91⅛ | Exch. 9¼pc 1982 | 91 3/16 | +1/16 | 10.14 | 11.94 |
| 94¾ | 91⅛ | Exch. 9¼pc 1982 A | 91 3/16 | +1/16 | 10.14 | 11.96 |
| 96 13/16 | 89½ | Exch. 8¾pc 1983 | 89 9/16xd | +1/16 | 9.77 | 11.79 |
| 85¼ | 79⅝ | Exch 3pc '83 | 79⅝ | ...... | 3.78 | 8.47 |
| 114¼ | 100½ | Treasury 12pc 1983‡‡ | 100 9/16 | +1/16 | 11.93 | 11.82 |
| | | **Five to Fifteen Years** | | | | |
| 100⅛ | 89⅜ | Treasury 9¼pc '83 | 89¾xd | −⅛ | 10.27 | 11.94 |
| 15 | 13 | Exch. 10pc 1983 (£15pd) | 13 | −⅛ | 10.76 | 11.81 |
| 89⅜ | 80¾ | Funding 5½pc '82-84‡‡ | 81xd | −⅛ | 6.78 | 10.02 |
| 96⅞ | 86⅛ | Treasury 8½pc '84-86‡‡ | 86⅝xd | −⅛ | 9.79 | 11.01 |
| 87⅝ | 77¼ | Funding 6½pc '85-87‡‡ | 78¼ | −⅛ | 8.43 | 10.55 |
| 89⅝ | 79⅜ | Treasury 7¾pc '85-88‡‡ | 79⅝xd | −⅛ | 9.68 | 11.20 |
| 68⅞ | 60⅛ | Transport 3pc '78-88 | 61⅜xd | −⅛ | 4.87 | 8.85 |
| 75⅜ | 64¼ | Treasury 5pc '86-89 | 65⅝ | −⅛ | 7.75 | 10.42 |
| 115¼ | 101⅝ | Treasury 13pc 1990‡‡ | 102¼xd | −½ | 12.67 | 12.56 |
| 89⅜ | 77½ | Treasury 8¼ 87-90‡‡ | 78½ | −⅜ | 10.57 | 11.71 |
| 106½ | 92½ | Treasury 11¾pc 1991 | 94xd | −½ | 12.48 | 12.69 |
| 75⅜ | 63⅝ | Funding 5¾pc '87-91‡‡ | 64⅞ | −⅜ | 9.07 | 11.20 |
| 112¼ | 98½ | Treasury 12¾pc '92‡‡ | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

### Over Fifteen Years

[illegible]

### Undated

[illegible]

## **INTERNATIONAL BANK

[illegible]

## **CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS

### Public Board and Ind.

[illegible]

### Financial

[illegible]

## FOREIGN BONDS & RAILS

| 1978 High | Low | Stock | Price £ | + or − | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 23 | 17 | Antofagasta Rly. | 23 | +1 | — | — |
| 38 | 33 | Do. 5pc Pref. | 38xd | +1 | — | — |
| 98 | 98 | Chilean Mixed | 98 | ...... | — | £3.10 |
| 415 | 350 | German Yng. 4½pc. | 405xd | ...... | 4½ | — |
| 54 | 46 | Greek 7pc Ass. | 54 | ...... | 3½ | £6.48 |
| 51 | 46 | Do 6pc '28 Stab. Ass. | 51 | ...... | 6 | £6.00 |
| 44 | 40 | Do 4pc Mixed Ass. | 43xd | ...... | 4 | £4.65 |
| 55 | 42 | Hung. '24 Ass. | 55 | ...... | 4½ | 5.00 |
| 77 | 65 | Iceland 6½pc '83-88 | 65xd | ...... | — | 12.60 |

## BONDS & RAILS—Cont.

| 1978 High | Low | Stock | Price £ | + or − | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 88 | 82½ | Ireland 7½pc '81-83 | 82¾xd | ...... | 7½ | 11.99 |
| 91 | 79 | Do 9¾pc '91-96 | 81 | ...... | 9¾ | 12.96 |
| 375 | 265 | Japan 4pc '10 Ass. | 365xd | ...... | — | — |
| 87 | 68½ | Do 6pc '83-88 | 69xd | ...... | 6 | 11.05 |
| 160 | 140 | Peru Ass. 3pc | 140 | ...... | 3 | 2.16 |
| 75p | 75p | S.G.I. 6½pc 1980 | 75p | ...... | 6½ | 8.67 |
| 599 | 594½ | Turin 9pc 1991 | 594½ | ...... | 9 | 9.52 |
| DM91 | DM81 | Turin 6½pc 1984 | DM91 | ...... | 6½ | 10.70 |
| 97 | 94 | Uruguay 3½pc | 97 | ...... | 3½ | 3.80 |

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

| 1978 High | Low | Stock | £ | + or − | Div. Gross | C'vr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 17⅛ | 13½ | ASA | 17⅛ | ...... | 80c | — | 2.6 |
| 60½ | 60½ | AMF 5% Conv. '87 | 60½ | ...... | 5% | — | — |
| 31 | 22 | Amax $1 | 27⅜ | ...... | $1.75 | — | 3.6 |
| 32 | 21¼ | American Express. | 28¾ | ...... | $1.40 | — | 2.8 |
| 33½ | 11 | Amer. Medic. Int. | 27⅞ | ...... | 30c | — | 0.8 |
| 15⅝ | 969p | Asarco Inc. | 11½ | ...... | 40c | — | 2.0 |
| 29¾ | 18¾ | Baker Intnl. Corp. $1 | 22½xd | ...... | 64c | — | 1.6 |
| 19¾ | 11⅞ | Barnes Grp. $6⅔ | 17⅝xd | ...... | 90c | — | 2.9 |
| 32⅞ | 22 | Bendix Corp. $5 | 30⅝xd | ...... | $2.28 | — | 4.2 |

[illegible]

S.E. List Premium 53% (based on US$1.8718 per £)
Conversion factor 0.6337 (0.6351)

## CANADIANS

[illegible]

S.E. List Premium 53% (based on $2.0975 per £)

## BANKS AND HIRE PURCHASE

[illegible]

| 1978 High | Low | Stock | Price | + or − | Div Net | C'vr | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 333 | 203 | Hong Shng $2.50 | 333 | +7 | hQ59c | — | 2.1 | — |
| 69 | 52 | Jessel Toynbee | 56xc | ...... | h3.27 | — | 8.9 | — |
| 210 | 160 | Joseph (Leo) £1 | 210 | ...... | 8.61 | — | 6.4 | — |
| 52 | 37 | Keyser Ullmann | 44 | −2 | 0.66 | — | 2.3 | — |
| 74 | 56 | King & Shax 20p | 56 | ...... | 3.39 | — | 9.2 | — |
| 114 | 92 | Kleinwort B.L. | 92 | ...... | 4.12 | — | 6.8 | — |
| 297 | 242 | Lloyds £1 | 248 | −2 | 9.09 | 5.5 | 5.6 | 5.0 |
| 50½ | 42 | Manson Fin. 20p | 43 | ...... | †2.79 | 1.5 | 9.8 | 10.7 |
| 134 | 106 | Mercury Secs. | 106 | ...... | 3.73 | — | 5.5 | — |
| *390 | 330 | Midland £1 | 335 | ...... | 14.75 | 4.3 | 6.7 | 5.3 |
| £92 | £78 | Do. 7½% 83-93 | £78 | −½ | Q7½% | 21.1 | £9.7 | — |
| £95¼ | £82½ | Do. 10¼% 83-93 | £84½ | −¼ | Q10¼% | 21.1 | e13.1 | — |
| 64½ | 56 | Minster Assets | 58 | ...... | 3.55 | 2.5 | 9.3 | 6.6 |

[illegible]

## BANKS & HP—Continued

[illegible]

### Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CHEMICALS, PLASTICS—Cont.

[illegible]

## CINEMAS, THEATRES AND TV

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## FOOD, GROCERIES—Cont.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]


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## INDUSTRIALS—Continued

[illegible]

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[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

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## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPBUILDERS, REPAIRERS

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## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INV. TRUSTS—Continued

[illegible]

### Finance, Land, etc.

[illegible]

## FINANCE, LAND—Continued

[illegible]

## OILS

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### CENTRAL RAND

[illegible]

### EASTERN RAND

[illegible]

### FAR WEST RAND

[illegible]

### O.F.S.

[illegible]

### FINANCE

[illegible]

### DIAMOND AND PLATINUM

[illegible]



## MINES—Continued

### CENTRAL AFRICAN

[illegible]

### AUSTRALIAN

[illegible]

### TINS

[illegible]

### COPPER

[illegible]

### MISCELLANEOUS

| High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 61 | 35 | Barymin | 54 | −1 | — | — | — |
| 17 | 9 | Burma Mines 17½p | 14 | — | — | — | — |
| 300 | 220 | Cons. Murch. 10c | 265 | −5 | ‡Q30c | 2.6 | ‡ |
| 465 | 245 | Northgate C$1 | 395 | −5 | — | — | — |
| 234 | 164 | R.T.Z. | 215 | | 9.5 | 2.8 | 6.7 |
| 90 | 30 | Sabina Inds. C$1 | 60 | −2 | — | — | — |
| £12 | 750 | Tara Explrn. $1 | 875 | −75 | — | — | — |
| 45 | 43 | Tehidy Minerals 10p | 43 | | 1.33 | ϕ | 4.7 |
| 180 | 120 | Yukon Cons. C$1 | 169 | | Q7c | 2.9 | 2.0 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ◆ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ▲ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| Stock | Price | + or − |
|---|---|---|
| Albany Inv. 20p | 23 | |
| Ash Spinning | 45 | |
| Bertam | 21 | |
| Bdgwtr. Est. 50p | 267 | |
| Clover Croft | 26 | |
| Craig & Rose £1 | 475 | |
| Dyson (R.A.) A | 38 | +1 |
| Ellis & McHdy | 61 | |
| Evered | 17½ | |
| Fife Forge | 50 | |
| Finlay Pkg. 5p | 23½ | |
| Graig Ship. £1 | 140 | |
| Higsons Brew | 72 | −1 |
| I.O.M. Stm. £1 | 150 | |
| Holt (Jos.) 25p | 263 | +5 |
| Nthn. Goldsmith | 55 | |
| Pearce (C. H.) | 165 | |
| Peel Mills | 20 | |
| Sheffield Brick | 45 | |
| Shell. Refrshmt | 52 | |
| Sindall (Wm.) | 103 | |

**IRISH**

| Stock | Price | + or − |
|---|---|---|
| Conv. 9% '80/82 | £90 | −¼ |
| Alliance Gas | 70 | |
| Arnott | 337 | |
| Carroll (P.J.) | 95 | |
| Clondalkin | 98 | +2 |
| Concrete Prods | 132 | |
| Heiton (Hldgs.) | 40 | |
| Ins. Corp. | 148 | |
| Irish Ropes | 130 | |
| Jacob | 64 | |
| Sunbeam | 30 | |
| T.M.G. | 175 | |
| Unidare | 90 | |

## OPTIONS
## 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| A. Brew | 6½ | I.C.I. | 20 | Tube Invest. | 30 |
| A.P. Cement | 18 | "Imps" | 6 | Unilever | 35 |
| B.S.R. | 9 | I.C.L. | 20 | Utd. Drapery | 7½ |
| Babcock | 11 | Inveresk | 8 | Vickers | 15 |
| Barclays Bank | 25 | KCA | 3 | Woolworths | 5 |
| Beecham | 35 | Ladbroke | 17 | **Property** | |
| Boots Drug | 15 | Legal & Gen. | 14 | Brit. Land | 3¼ |
| Bowaters | 16 | Lex Service | 7 | Cap. Counties | 4½ |
| B.A.T. | 24 | Lloyds Bank | 22 | E.P. | 5 |
| British Oxygen | 6 | "Lots" | 4 | Intereuropean | 4 |
| Brown (J.) | 20 | London Brick | 5 | Land Secs. | 16 |
| Burton 'A' | 12 | Lonrho | 5 | MEPC | 12 |
| Cadburys | 5 | Lucas Inds. | 25 | Peachey | 8 |
| Courtaulds | 10 | Lyons (J.) | 10 | Samuel Props. | 9 |
| Debenhams | 8 | "Mams" | 7 | Town & City | 1¼ |
| Distillers | 15 | Mrks. & Spncr | 10 | **Oils** | |
| Dunlop | 7 | Midland Bank | 25 | Brit. Petroleum | 45 |
| Eagle Star | 11 | N.E.I. | 12 | Burmah Oil | 5 |
| E.M.I. | 14 | Nat. West. Bank | 22 | Charterhall | 3 |
| Gen. Accident | 17 | Do. Warrants | 10 | Shell | 28 |
| Gen. Electric | 18 | P & O Dfd. | 8 | Ultramar | 20 |
| Glaxo | 40 | Plessey | 8 | **Mines** | |
| Grand Met. | 9 | R.H.M. | 5 | Charter Cons. | 12 |
| G.U.S. 'A' | 20 | Rank Org. 'A' | 18 | Cons. Gold | 14 |
| Guardian | 18 | Reed Intnl. | 12 | Rio T. Zinc | 16 |
| G.K.N. | 22 | Spillers | 3 | | |
| Hawker Sidd. | 20 | Tesco | 4 | | |
| House of Fraser | 12 | Thorn | 22 | | |
| | | Trust Houses | 15 | | |

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday July 6 1978



# Chrysler strikers reject plea to return

By Arthur Smith, Midlands Correspondent

THE STRIKE by Chrysler toolmakers, which has halted all car assembly in the Midlands, will continue. Toolmakers' leaders yesterday rejected management and union appeals for a return to work after eight hours of talks in Coventry.

The problem of Chrysler's troubled pay structure has been passed to the Government. Mr. Terry Duffy, president-elect of the Amalgamated Union of Engineering Workers, who led the union side, said a joint approach with management would be made to the Government to see whether a way could be found within the present 10 per cent pay guidelines to meet the toolmakers' demands for improved differentials.

They had a valid claim, had pursued it in the correct manner and had the sympathy of the company.

The issue had to be taken to the Government because Chrysler, to justify periodic cash injections from the State, first had to ensure it complied with pay policy. "I have said many times that we need some elasticity," Mr. Duffy added.

He hoped a meeting could be arranged within a couple of days with Mr. Eric Varley, Industry Secretary, and Mr. Albert Booth, Employment Secretary.

The toolmakers' leaders would then report to the 350 men who walked out last Friday.

Their action has halted production of the Alpine and caused 1,400 layoffs at the Ryton assembly plant. Production has been disrupted at the Stoke engine factory, where 600 have been made idle.

Output has been at a standstill at Linwood, Scotland, for a week, where a strike by 550 painters has forced 5,000 colleagues to be laid off.

These disputes pose a clear threat to ambitious plans for expansion, submitted to Mr. Varley in the last few days. A draft planning agreement, endorsed by unions and management, forecasts increased investment and more jobs.

Mr. Varley is thought to have expressed Government concern to the union leadership about the deteriorating position at Chrysler.

The company's pay structure, like that of other large corporations, has been distorted by Government controls. But, the problems are by no means confined to toolmakers.

Should concessions be made to the 350 men on strike, Chrysler must face the risk of a flood of claims from other groups.

## Weather

UK TODAY

CLOUDY with showers.

London, S.E., Central S, Central N. England, Midlands, Channel Islands

Cloudy, sunny periods. Max. 18C (64F).

E. Anglia, E., N.E. England Borders, Edinburgh, Central, N.E. Scotland

Cloudy, showers, bright intervals. Max. 14C (57F).

S.W. England, S. Wales

Fine, becoming cloudy, perhaps rain. Max. 17C (63F).

N. Wales, N. Ireland

Cloudy, perhaps rain. Max. 16C (61F).

N.W. England, Lakes, Isle of Man

Cloudy, sunny periods, showers. Max. 16C (61F).

W. Scotland, Central Highlands

Sunny periods, showers. Max. 16C (61F).

Outlook: Cloud and rain spreading from W.

BUSINESS CENTRES

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Amsterdm. | F | 15 | 59 | Luxembg. | R | 14 | 57 |
| Athens | S | 29 | 84 | Madrid | S | 22 | 72 |
| Bahrain | C | 35 | 95 | Manchstr. | C | 13 | 55 |
| Barcelona | S | 20 | 68 | Melbourne | C | 12 | 54 |
| Beirut | S | 31 | 88 | Milan | Th | 17 | 63 |
| Belfast | C | 12 | 54 | Montreal | S | 24 | 75 |
| Belgrade | S | 29 | 84 | Moscow | F | 26 | 79 |
| Berlin | C | 17 | 63 | Munich | C | 11 | 52 |
| Birmghm. | C | 12 | 54 | Nairobi | C | 16 | 61 |
| Bristol | C | 13 | 55 | Newcastle | C | 12 | 54 |
| Brussels | R | 13 | 55 | New York | S | 20 | 68 |
| Budapest | C | 26 | 79 | Oslo | F | 18 | 64 |
| B. Aires | R | 12 | 54 | Paris | C | 16 | 61 |
| Cairo | S | 35 | 95 | Perth | R | 13 | 55 |
| Cape Tn. | S | 21 | 70 | Prague | F | 14 | 57 |
| Cardiff | C | 13 | 55 | Reykjavik | C | 12 | 54 |
| Chicago | S | 25 | 77 | Rio de J'o | S | 25 | 77 |
| Cologne | C | 15 | 59 | Rome | C | 24 | 75 |
| Copnhagn. | F | 16 | 61 | Singapore | S | 30 | 86 |
| Dublin | C | 13 | 55 | Stockholm | C | 15 | 59 |
| Edinburgh | F | 15 | 59 | Strasbrg. | C | 15 | 59 |
| Frankfurt | R | 14 | 57 | Sydney | F | 13 | 55 |
| Geneva | C | 13 | 55 | Tel Aviv | S | 29 | 84 |
| Glasgow | F | 16 | 61 | Tehran | S | 28 | 82 |
| Helsinki | C | 18 | 64 | Tokyo | C | 31 | 88 |
| H. Kong | S | 31 | 88 | Toronto | S | 24 | 75 |
| Jo'burg | S | 17 | 63 | Vienna | R | 13 | 55 |
| Lisbon | S | 24 | 75 | Warsaw | C | 20 | 68 |
| London | C | 13 | 55 | Zurich | F | 15 | 59 |

HOLIDAY RESORTS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 21 | 70 | Jersey | C | 13 | 55 |
| Algiers | S | 25 | 77 | Las Plms. | C | 22 | 72 |
| Biarritz | C | 17 | 63 | Locarno | F | 21 | 70 |
| Blackpool | C | 13 | 55 | Luxor | S | 44 | 111 |
| Bordeaux | C | 18 | 64 | Majorca | F | 23 | 73 |
| Boulogne | C | 13 | 55 | Malaga | S | 25 | 77 |
| Casblnca. | S | 22 | 72 | Malta | S | 29 | 84 |
| Corfu | S | 28 | 82 | Naples | S | 27 | 81 |
| Dubrovnik | F | 26 | 79 | Nice | S | 23 | 73 |
| Faro | S | 28 | 82 | Oporto | S | 21 | 70 |
| Florence | F | 23 | 73 | Rhodes | S | 28 | 82 |
| Funchal | S | 19 | 66 | Salzburg | R | 11 | 52 |
| Gibraltar | F | 22 | 72 | Tangier | S | 25 | 77 |
| Guernsey | C | 12 | 54 | Tenerife | S | 20 | 68 |
| Innsbruck | R | 7 | 45 | Tunis | S | 31 | 88 |
| Is. of Man | C | 12 | 54 | Valencia | S | 23 | 73 |
| Istanbul | S | 31 | 88 | Venice | F | 24 | 75 |

C—Cloudy. F—Fair. R—Rain. S—Sunny. Th—Thunder.

# Government proposes simpler Price Code

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE LAST vestige of the Price Code first introduced in 1973 will disappear at the end of this month. The Government published proposals yesterday for replacing what is left of the old code with a much simpler order to guide the new Price Commission set up last summer.

The changes, which should dispel any lingering doubts that the Government might try to extend profit margin control for a further period, will complete the transition begun last summer from the rigid controls of the old code to the more flexible system of investigations into prices embodied in last year's Price Commission Act.

At the same time, the Government proposes to reduce the quantity of information companies will have to give the Price Commission when seeking increases. Information required will be geared to the additional revenue expected from the proposed increases.

Only companies proposing price increases that would yield more than £1m will have to give as much information to the commission as they do at present.

The size of company exempted from the pre-notification requirements is also being raised again. Under the proposals published yesterday, the threshold on manufacturing companies would be raised from £12m to £15m and that for service businesses from £9m to £12m.

## Margin controls

The only point left unanswered by yesterday's consultative document was the profit safeguards written into the controls, which the Government has been under pressure to tighten.

It had been expected that, if the Government was going to do so, it would be when it made the other changes to the controls. All yesterday's document said was that no decision had been reached and that if the Government decided on any changes they would be the subject of further consultation.

Early last year the Government considered the old system of cost-related price controls and margin controls. In the event, it retained margin controls for a further year but had no power to extend them further without primary legislation.

Consequently the existing Price Code will be largely irrelevant from August 1, as its only important remaining function was in relation to margin controls. But because the various pieces of legislation dealing with price controls are inextricably interwoven, the Government had to produce a new code for guidance to the Price Commission.

The idea now is that the new code should do no more than restate the criteria in the Price Commission Act by which price increases are judged.

The ending of margin control will have no practical effect on most companies. Most are trading well below their statutory ceilings.

Details Page 7

# Police pay report calls for 40% rise

By David Churchill and Richard Evans

A REPORT recommending pay rises averaging 40 per cent for Britain's 120,000 police officers is likely to be discussed by police leaders and Government ministers in separate meetings next week.

The report, by an independent committee headed by Lord Edmund-Davies, is being studied by Mr. Merlyn Rees, Home Secretary. The committee was set up to review police pay following the Police Federation's acceptance of a 10 per cent pay settlement from last September.

The Edmund-Davies report argues that substantial rises are needed to restore police pay to previous levels. The report is believed to recommend that a constable with 15 years experience should have his salary raised from £3,600 to £5,700 a year. Police sergeants would get an increase of £600, to bring them to £6,200, while Chief Constables would get £5,500 to bring them up to £20,000. In addition, the report recommends extra rises for police in London and Northern Ireland because of the special problems they face.

Although the Police Federation, which represents most police in England and Wales, has not yet seen the report, its officials are almost certain to make clear at its meeting next week that rises of about 40 per cent on average would not be enough to stem the flow of police resignations. The Federation has put forward a claim for rises of between 78 and 104 per cent. Last year the police service faced a net loss of about 2,000 officers, while the number of reported crimes rose by 15 per cent.

The Cabinet, which is likely to consider the report at its meeting next week, will have to decide whether the police are a special case. The report is believed to recommend that the pay rises be implemented immediately—a move which would upset the Government's hopes of limiting pay rises in the coming year.

As the police have already had a 10 per cent pay rise in the current pay round, they are likely to object vigorously to any Government attempt to offer 10 per cent again with the rest phased over the next two years. This is the strategy adopted by the Government for other groups, such as doctors and nationalised industry chairmen.

# Merger policy change wins few supporters

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PROPOSALS for altering the basis on which the Government operates its competition policy received a setback yesterday when they gained few supporters at a meeting of the National Economic Development Council.

The proposals, published as a Green Paper by Mr. Roy Hattersley's Department of Prices two months ago, were criticised by leaders of both the Confederation of British Industry and the TUC because they might slow down potentially valuable company mergers and so hurt British industrial efficiency.

Mr. Eric Varley, Secretary for Industry took a similar view, based on his Department's interest in stabilising the country's industrial policies. Only Mr. Edmund Dell, Trade Secretary, and Mr. Michael Shanks, chairman of the Consumer Council, spoke up in favour of the proposals.

This situation prompted Mr. Denis Healey, Chancellor of the Exchequer, who was chairman of the meeting, to sum up by pointing out that it was essential for the Government to create the maximum stability so that industry could make progress.

This meant that an assessment had to be made of the "frictional cost of change," he added, indicating the majority view at the meeting that Mr. Hattersley's potentially sweeping changes would not be worthwhile.

The proposed changes would introduce a more critical policy towards mergers. At present the Government's attitude towards individual mergers starts from the premise that they are generally beneficial.

The Green Paper proposed that this should be shifted to a neutral approach. Leaders of both sides of industry fear that this would inevitably lead to more mergers being opposed.

The TUC in particular warned that such opposition could impede progress being made by the industrial strategy, a point which was made in a background document submitted to the meeting by the National Economic Development Office. The document also called for clarification of the criteria on which references can be made to the Price Commission.

After the meeting Mr. Geoffrey Chandler, who has just taken over as director general of the Development Office, said that speakers had repeatedly called for a pragmatic approach to the issue of company mergers.

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# Benn signs planning agreement for coal

BY CHRISTIAN TYLER, LABOUR EDITOR

THE FIRST planning agreement in a nationalised industry was signed yesterday by the Government, the National Coal Board and the National Union of Mineworkers.

The signing took place at the union's conference in Torquay, underlining the Government's oft-repeated commitment to share strategic planning with the unions.

Mr. Anthony Wedgwood Benn, Energy Secretary, conceded afterwards that the agreement was more political than practical in its significance.

It "consolidated and institutionalised" the tripartite planning of the industry set in train in 1974 when Labour was returned to office, he said.

The only other planning agreement reached so far is the one signed with Chrysler UK in the wake of the Government's rescue of the U.S.-owned motor manufacturer.

Mr. Benn also announced at the conference that he was examining urgently the possibility of reducing oil and coal imports to "residual levels" by re-assessing the capacity of the Central Electricity Generating Board to burn British-mined coal. The CEGB takes between a half and two thirds of coal board output at present.

Coal output, although down so far this year, is forecast to rise as a result of the introduction of high paying productivity schemes for miners. Demand for coal has been hit, though, by the recent fall in real terms of the price of oil and by the serious recession in steel.

Both Mr. Benn and Sir Derek Ezra, coal board chairman, outlined at the miners conference their intention to stick to the long-term plan for increasing coal output, regardless of temporary fluctuations in the market.

Sir Derek complained that the generating board was "dodging in and out of the market" in its search for the cheapest possible supply.

"We cannot turn the tap on and off," he said. Some way of reconciling the conflicting interests of state-owned coal, electricity and steel had to be found within the joint planning body, the Energy Commission.

Demand for coking coal had been hard hit by the steel crisis, but it would revive again and output should not be allowed to flag.

The coal agreement notes the NCB's difficulty in selling its surplus and the Government's agreement to finance an extra 7m tonnes of stocks. It says that extra efforts will be made to export coal

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# Pension funds criticise Barclays' ITC plan

BY ERIC SHORT

PENSION FUND investment managers yesterday expressed opposition in principle to Barclays Bank's planned £92.6m takeover of the Investment Trust Corporation.

A report by a sub-committee set up by the investment protection committee of the National Association of Pension Funds said that the method used by Barclays to issue equity capital was wrong in principle. It believed that shares being offered for cash at a discount should first be offered to existing shareholders.

The sub-committee did not accept Barclays claim that it was to the shareholders' advantage to raise capital without the need to call on shareholders. The report also attacked Barclays for not giving more information on the financial effects of the proposals.

Under the proposed take-over, Barclays would issue shares worth about £92.6m to secure the investment trust, and then turn this issue into £85m in cash by selling it to the Post Office Staff Superannuation Fund. Opponents of this move contend that Barclays should have gone to the present shareholders for the cash by means of a rights issue.

The committee is recommending that its members should abstain from voting in favour of the scheme at the bank's general meeting on Wednesday seeking approval for its proposals.

The sub-committee is not calling for outright rejection, after expressing its firm opposition, because in this case the immediate financial disadvantage to shareholders is not large.

Mr. Deryk Weyer, a vice-chairman of Barclays Bank, said it was felt that the scheme offered a better deal to shareholders than a rights issue. They would be getting a 20 per cent increase in dividend without having to put up any cash, and the actual dilution was small.

He claimed that early indications were that the vast majority of private shareholders supported the action of Barclays. Proxies so far received, from personal share holders, showed 96½ per cent. in favour of the scheme. Many insurance companies had also indicated their approval, he said.

# Mulley defends Fairford choice

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE GOVERNMENT is to make the RAF airfield at Fairford, in Gloucestershire, available to the U.S. Air Force for use by a squadron of 15 KC-135 aerial tanker aircraft.

Confirming this in the Commons yesterday, Mr. Fred Mulley, Secretary for Defence, argued that the decision would mean fewer, and not more, aircraft movements at Fairford, because many of the existing RAF and British Airways' training and other flights would have to go elsewhere.

He also claimed that "on balance, there will be less noise and pollution, not more. It wil not add in any way to the understandable problems that arise anywhere where we have military airfield installations."

The decision to give Fairford to the USAF for tanker operations follows a search lasting six months, which has involved the study of 21 possible RAF and other airfields throughout the country.

The initial choice of Greenham Common, near Newbury, in Berkshire, was ruled out because of the strong local objections and the large residential areas close to the airfield. Fairford, however, is in a more rural setting, with fewer people likely to be exposed to noise.

The Ministry of Defence, commenting on the decision yesterday, said that over the past seven months there had been a total of 5,341 aircraft movements at Fairford, or an average of 763 a month. These had included a total of 678 Concorde movements, 201 by USAF C-141 jet freighters, and 458 British Airways VC-10 training movements. The rest had been by various freighter aircraft, small transports and fighters on exercises.

With a squadron of 15 KC-135s based at Fairford, many if not most of these existing movements would have to go elsewhere. The KC-135s would make eight sorties a day, or about 350 aircraft movements a month, less than half the existing total.

The Ministry said that comparatively few houses were situated within the "intrusive noise" area, and fewer still along the centre-line for take-offs, within two miles from the end of the runway.

The USAF will spend £1.35m immediately on bringing accommodation up to standard. This is more than would have been necessary at Greenham Common, but less than would have been needed at Waddington, Lincolnshire, the other possible choice.

In the longer term the USAF will spend another £18.9m on replacing hangars and other buildings to accommodate 1,100 personnel and 1,700 dependants.

The local economy will benefit by between £3.3m and £5m a year. Up to 150 extra civilian jobs are likely to be created at Fairford. The USAF will need some 550 houses for married people, and eventually also a new school and hospital, to be built on Ministry of Defence land.

The KC-135s will begin to move in this winter, after a test programme this autumn to determine what additional facilities are required. The first five aircraft will be operational at Fairford by next May, and the full squadron of 15 aircraft by late 1980.

Each KC-135 will carry 23,880 gallons of fuel. The aircraft will fly from Fairford out over the North Atlantic and Western Europe to refuel fighter and other aircraft in flight. The fuel needed will be conveyed into Fairford by existing pipeline, and there will be no additional road tanker traffic.

Although the prospective choice of Fairford had been bitterly attacked by resident and local MPs, the decision received less criticism yesterday than had been feared. In the Commons, Tory MPs from the area stressed the need to accept the decision in the interests of Western security. Mr. Nicholas Ridley (Conservative Cirencester and Tewkesbury) said that if the Government was able to persuade people that the location of the base was essential "I believe they will accept it, provided the noise, pollution disturbance and damage costs do not fall on them."

Mr. Douglas Hurd (Conservative, Mid-Oxon) said his constituents would accept and understand the need.

But local environmental groups are likely to continue protesting.

It is unlikely that there will be any compensation for local residents, because the decision involves only a change of aircraft at the base.

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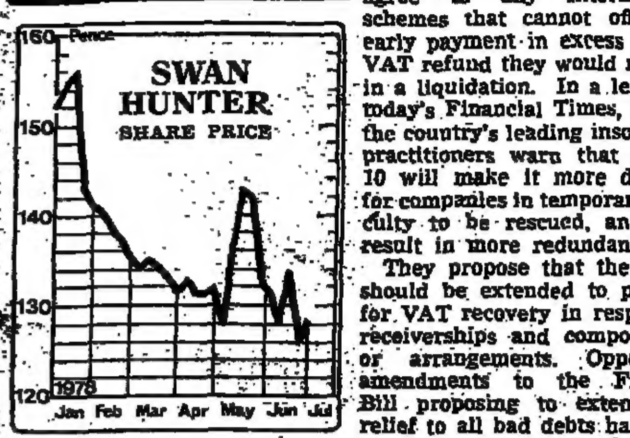
THE LEX COLUMN

# The next step for Swan Hunter

Swan Hunter thinks that the Government is paying fair compensation for its shipbuilding assets, which is good news for all the other companies which have still to agree terms for aerospace and shipbuilding nationalisation. But Swan Hunter's payment is not going to give them much help in working out what they are likely to receive.

Index fell 1.1 to 452.0




The £15m which is to be paid to Swan Hunter "as soon as possible" is almost spot on the book value of the shipbuilding assets in the last accounts, where they were valued at cost. But this, apparently, is coincidence. The terms are based on the average market capitalisation of the group in the six months to February, 1974, which was about £16½m. The nationalised companies represented about four-fifths of group profits at the time, and in addition had surplus funds deposited with the parent which have also been taken into account. But there is no magic formula: the terms represent a compromise after several months of bargaining.

The next step will be for Swan Hunter to go into voluntary liquidation. Then it will distribute to shareholders its surplus cash plus shares in its continuing business, mainly shiprepairing and civil engineering. On the basis of the last balance sheet, the available cash now would amount to 150p per share or a bit more, and there may be another 30p or so of net trading assets.

However some of the cash is going to be used to support the ailing shiprepairing side—the continuing businesses made a trading loss in the half year to December—and the reconstruction will not go through until the problems of shiprepairing have been resolved. Given these uncertainties, the shares do not look wildly undervalued at 128p, although they do seem set for a rise when trading is resumed.

## Barclays

The pension funds do not want to pick a fight with the board of Barclays Bank. But they believe, rightly, that when shares are offered in exchange for cash at a discount to the market price they should first be offered to existing shareholders. So the deal whereby Barclays is issuing shares to the Investment Trust Corporation and then selling it on for cash is wrong in principle, and a protest has to be registered.

Of course it can be argued that in this case existing shareholders are only suffering modest dilution of their interest. Equally it is true other managements have issued shares to buy lousy assets without incurring a squeak of protest.

However this is a case where the financial costs to shareholders can be calculated in advance, since there is no room for argument about the value of what Barclays is buying. The deal seems bound to go through, but a good protest vote would help to make sure that it does not happen again.

The pension funds, for their part, can only gain credit for making their views known. Following their recent intervention in the Wilkinson Match affair, it may be more difficult for boards to treat their shareholders like sheep in the future.

## VAT on Bad Debts

Companies, partnerships and trading individuals in temporary financial difficulty could find themselves pushed into liquidation or bankruptcy much faster in future if clause 10 of the Finance Bill is not altered. The effect of this clause is that to get VAT relief on bad debts the debtor has to be proven insolvent. In the simplest terms this means VAT will not be recoverable on unpaid debts where a debtor company has entered receivership, or any form of moratorium with its creditors. Only the ultimate state of liquidation qualifies.

The likely consequence is that there will be far more liquidations in future and fewer receiverships or arrangements with creditors. This is bec creditors such as banks c not reasonably be expecte agree to any interme schemes that cannot offe early payment in excess o VAT refund they would rec in a liquidation. In a lette today's Financial Times, fi the country's leading insolv practitioners warn that cl 10 will make it more diff for companies in temporary culty to be rescued, and result in more redundanci

They propose that the r should be extended to pro for VAT recovery in respe receiverships and composi or arrangements. Oppos amendments to the Fin Bill proposing to extend relief to all bad debts have been accepted by the Gov ment on grounds of cost. was estimated at £100m f full year, against only £35m the proposed clause 10 basi as much as £65m is at stak Is clear that many n creditors will want to pu their debtors into liquidatio

## Gambling chips

Over in America the "h rollers" may be flocking Atlantic City and casino st have been in great demand, here in England gaming sh are under a cloud. The C share price is 26 per cent be its year's peak and Ladbrok down by over a sixth. Arabs have deserted the Lon casinos and, more import the Royal Commission Gambling is expected to rep next Wednesday. In advance this, brokers Vickers da Co have published a backgrou note, and while they beli that in the long run tigh restrictions will benefit est lished commercial operators, the short term the operat of Mayfair casinos may vulnerable to new legislation.

Given the high level of profi which have come from Lond casinos — Ladbrokes' prof have quadrupled over the l couple of years—the worry that the Royal Commissi might have something nasty say about casino duty levels, a time when gambling prof seem to have reached a platea The other fears are that t Gaming Board might encouraged to tighten up on t issue of gaming licences a that overseas operations mig be banned. Both Ladbroke a Coral have been looking ov seas for future expansion b the Gaming Board is known frown on foreign operatio



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